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THE AMERICAN PROSPECT

LIBERAL INTELLIGENCE

NOVEMBER 2009

The

TREATMENT

*How **health-reform** legislation was
doctored up and watered down*

Senate Finance
Committee members
Chuck Grassley,
Kent Conrad, and
Max Baucus

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Universal Declaration of Human Rights, Article 4:

"No one shall be held in slavery or servitude;
slavery and the slave trade shall be prohibited in
all their forms."



THE DIGITAL SLAVERY: 137

nations participate in human trafficking.
(Probably including the place where your sneakers were manufactured)

No slavery. That is the mandate of Article 4 of the Universal Declaration of Human Rights. Yet the grim reality is that 137 nations¹ receive the 2 million people trafficked every year—most of them women and children—and 81 nations inflict torture. Another 54 nations conduct unfair trials and in at least 77 nations, people are not allowed to speak freely.² The figures go on and on.

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The message of human rights should be clear, but these nations are not listening.

Why? Because no one is making them do so. The Declaration—the world's foremost human rights charter adopted by the United Nations in the wake of World War II to end man's inhumanity to man—is being ignored.

That goes back to the real problem—most people have never even heard of the Declaration and the 30 human rights it contains.

You can help change that. Because making human rights a reality everywhere begins with education here and now. When people know their rights and freedoms, they can insist on their

use and application. And for youth, these principles once learned become a beacon to guide them successfully through life.

This educational step begins with *you*.

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First, get the facts about human rights. Watch the preview of *The Story of Human Rights* at HumanRights.com. This insightful video defines human rights for one and all, and introduces those rights—the rights we are all entitled to simply because we are human.

So who will make sure human rights are respected?

The Story of Human Rights answers this fundamental question in a compelling and inspiring way.

Order your FREE DVD and Information Kit TODAY



1. Source: United Nations

2. Source: Amnesty International Report 2008

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THE AMERICAN PROSPECT

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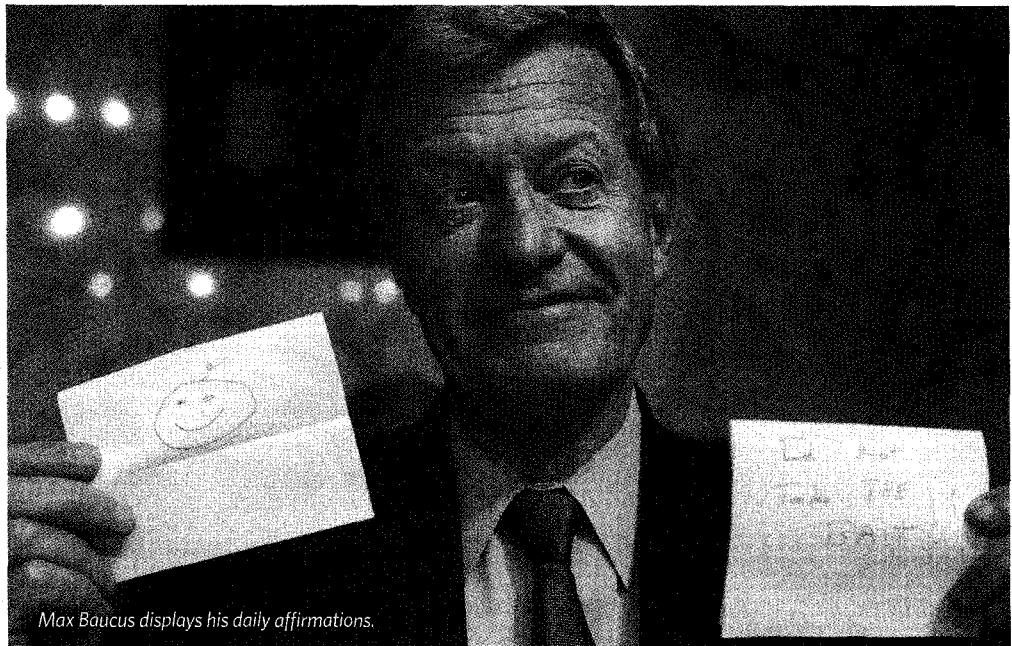
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Max Baucus displays his daily affirmations.

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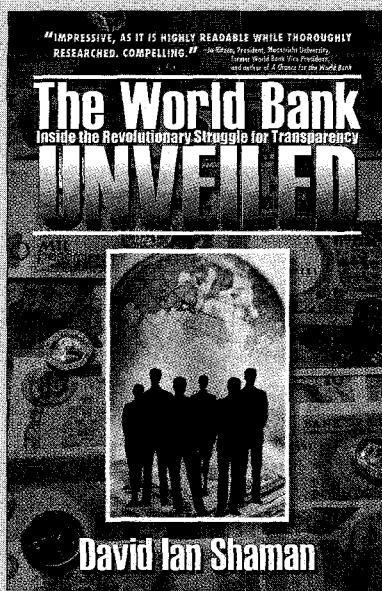
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Inside the World Bank [No Spine Required]

"Impressive, as it is highly readable while thoroughly researched. Compelling."

—Jo Ritzen, President, Maastricht University, former World Bank VP

"A fascinating and frightening exposé of the World Bank's operations. An insider's intimate view of how an organization meant to help the developing world actually hindered progress. A must read!"

—Arun Gandhi, grandson of Mahatma Gandhi, and
Founder/Director, Gandhi Worldwide Education Institute

"To many people engaged in the effort to mitigate the effects of poverty around the globe, the World Bank is a black box. Its development contributions and its great potential are hindered by processes and systems that obscure rather than illuminate. David Shaman undertook yeoman efforts to reform the institution, using modern communications technology to achieve more transparency. Now in this superb book, Shaman reveals the resistance he faced and offers important recommendations for reform. He explores the crisis of identity that has plagued the Bank since its creation: Is it a financial institution requiring appropriate confidentiality and the discretion of a bank, or is it a development agency whose mission requires openness, participation and widely-shared results metrics? Shaman leans toward the latter. This view merits deeper reflection and debate which this book should provoke."

J. Brian Atwood, Dean of the Hubert H. Humphrey Institute of Public Affairs, University of Minnesota, and former Administrator of the U.S. Agency for International Development

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Harry, Louise, and Barack by Robert Kuttner

What are our fondest hopes and worst fears for the health legislation now slouching towards the president's desk? On the plus side, it will cover slightly more than half of America's uninsured, qualify more of the near-poor for Medicaid, and it may lead to some greater rationalization of health outlays, though exactly how remains to be seen.

On the minus side, the plan leaves most people dependent on employers for health coverage and reinforces the political and economic power of the private insurance industry. It subsidizes insurers with more than half a trillion public dollars over 10 years, mainly using tax credits. And it gets most of that money by requiring savings in Medicare and other federal health programs of about \$400 billion and by taxing so-called Cadillac insurance policies—many of which are actually Chevrolets that cost a bundle because of the present system's inefficiency and tendency to penalize older and sicker policyholders.

Largely missed in the debate is the fact that the plan doesn't address the problem of unraveling coverage for people who *are* insured—some 86 percent of the population. According to a Commonwealth Fund study, there were 25 million underinsured Americans in 2007, meaning that high deductibles and co-pays and uncovered treatments or services left them nominally insured but often unable to get the care they needed. That's a 60 percent increase since 2003, and nothing in the bill prevents this crisis from worsening.

In short, the plan has reasonably good safeguards for the new subsidized policies for the currently uninsured, but it leaves intact the problems afflicting the rest of the system. The government won't use its power to negotiate wholesale drug prices; insurers are free to keep increasing premiums, deductibles, and co-pays at will. The bill does help the uninsured, but the basic flaws remain in the existing system for the rest of us.

These weaknesses are the consequence of the Obama administration's political calculation that it was better to have the insurance industry's Harry and Louise supporting the president than opposing him. But that was a political choice, not an inevitability.

The road not taken was a tough reform campaign pitting the citizenry against a widely resented industry. Instead, the right has deftly turned much of the resentment against President Obama, using the Medicare savings to make bogus claims about death panels for Grandma (when it's actually private insurers that cause suffering and even death by denying necessary care). A reform that should have been a big winner for

Obama will be a political wash, at best. Ironically, the supposedly supportive insurance industry, resentful that the drug companies and hospitals got an even better sweetheart deal, has begun publicly criticizing the bill.

By working with rather than against the insurers, the administration denied itself not just a worthy target but the kind of cost savings achievable from more

produce a net *savings* of a trillion dollars over a decade because of its efficiencies and bargaining power. The campaigns of Hillary Clinton, John Edwards, and Obama all embraced versions of Hacker's idea.

But this plan was anathema to Obama's partner, the insurance industry, and the "public option" was quickly reduced to a token. Even in the House bill, the plan would cover only 11 million or 12 million people, not 130 million, and would have no significant effect on costs, according to Congressional Budget Office Director Doug Elmendorf. In Sen.

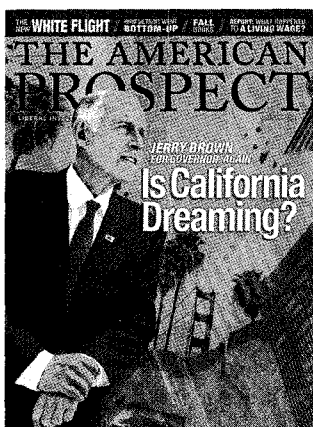
Instead of being a big winner politically for Obama, industry-dictated health reform will be a political wash, at best.

systemic reform. The best strategy was an expansion of Medicare to the working-age population. That idea, which survived in truncated form as the public option, was first put forward in 2001 by the political scientist Jacob Hacker, who proposed that non-elderly people could have the option to join what he called Medicare-Plus. Hacker wrote, "Approximately 50 to 70 percent of the non-elderly population would be enrolled in Medicare Plus"—more than 130 million Americans.

In 2008, The Lewin Group calculated that such a program would cost about \$49 billion in the first year but

Max Baucus' version of the bill, the public option is further reduced to a system of "co-ops." CBO says these "are unlikely to establish a significant market presence in many areas of the country or to noticeably affect federal subsidy payments."

It takes a huge leap of faith to believe that this measure is a good incremental strategy to achieve secure health care for Americans and a more just and efficient allocation of health resources. The long-term struggle for health reform doesn't end with this bill. In the next round, Harry and Louise should accurately be identified as the problem, not the partners. **TAP**



BROWN'S NON-CAMPAIGN FOR GOVERNOR

JOE MATHEWS' profile ("See Jerry Run. Again.") of former Gov. Jerry Brown of California "delves further into Brown's un-campaign for governor and the puzzling question of what in the heck he's planning to do once he gets there," writes **DAVID DAYEN** of **CALITICS.COM** before adding his own spin: "Brown clearly has a blueprint for winning the election—say as little as humanly possible about the problems that grip the state, and hope that tangerine dreams of the halcyon '70s push him to victory. You cannot blame him—it's a winning formula. With a pathetically thin state political media, it's fairly difficult to run on any issues to begin with, at least ones beyond the bumper-sticker variety."

A DEFENSELESS BEHEMOTH?

THE ECONOMIST's Free Exchange blog questions **BARRY LYNN's** assertion (in "How Detroit Went Bottom-Up") that monopolistic parts manufacturers were able to hold the automotive industry hostage: "There's the notion that the big car firms were helpless to do anything about the situation once it arose. But they must have

seen it coming; after all, as [Lynn] says, the old firms vertically integrated 'to gain an advantage over their competitors or to protect themselves from predation.' ... General Motors spun off Delphi in 1999; you're telling me that in the last decade GM completely lost the ability to develop its own parts-producing capacity or build a minor market player into a competing parts supplier? And wouldn't it do so if a crazed, irrational monopolist threatened to bring down the whole of the automotive industry by jacking up parts prices? It doesn't make sense, and it strikes me as excuse-making for firms that badly needed to go out of business, not to mention a poorly crafted argument against outsourcing and free trade."

MODEL ANALYSES

G. WILLIAM DOMHOFF, a professor at the University of California, Santa Cruz, takes **MARK SCHMITT** to task for what he sees as his "Pollyannaish" reflection on *Who Governs?*, Robert Dahl's book about New Haven politics. Domhoff writes, "Since most people who write about power, including Dahl and me, want to see more equality, and hence believe in 'pluralism' as a goal, it is hardly a big deal that we all should have pluralism as an 'objective.' The question is always what pluralism should look like and how much we can get. It just strikes me as a weak conclusion."

BARTENDERS VERSUS FORECASTERS

ALAN ABRAMOWITZ, a political-science professor at Emory University, responds to poll-

ster **STANLEY GREENBERG's** review of *The Message Matters* by Lynn Vavreck in our October issue: "Greenberg makes some disparaging comments about political-science forecasting models, stating at one point that 'bartenders do as well as modelers.' Greenberg's sweeping generalization is inaccurate and unfair. There are many forecasting models and some have proved to be more accurate than others. In 2000, for example, most of the final pre-election polls had George W. Bush winning the popular vote. My own Time for Change forecasting model has correctly

predicted the winner of the popular vote in the last five presidential elections with an average error of 1 percentage point—better than the final pre-election Gallup poll. I don't know what bartenders Stan Greenberg has been talking to, but I seriously doubt that their predictions of the outcomes of these presidential elections would have been as accurate."

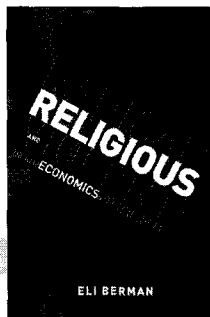
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FROM THE EXECUTIVE EDITOR

A few years ago, I saw an analysis of the most widely syndicated newspaper columnists in the country and realized that while we coastal elites often obsessed about the latest thing Charles Krauthammer or Thomas Friedman had written, most of the country was reading completely different voices—among them, Kathleen Parker's. Now that Parker is known even to readers of *The Washington Post*, Kerry Howley, a first-time contributor to the *Prospect*, looks back at many years' worth of Parker's columns to figure out just where this quasi-conservative, provocative columnist fits in the current debate. And Paul Waldman, who writes a popular weekly column on our Web site, debuts in print with an examination of the peculiar economics of the op-ed columnist and the future of this odd literary form.

Elsewhere in this issue, Sarah Laskow and I explain some of the lobbying and political forces that have shaped the health-care reform debate. Tim Fernholz explains why "too big to fail" is not a helpful way of thinking about risky financial institutions. And Dana Goldstein notes how the words "innovation" and "innovators" pervade the language of the Obama administration. It's easy to let them pass by as innocuous buzzwords, but as Dana writes in this issue, they represent real choices with real consequences.

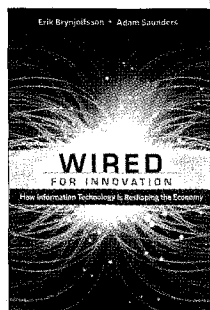
Sadly, it's also with this issue Dana leaves the *Prospect* to join *The Daily Beast* in New York. Dana has written numerous classic stories for this magazine and has been one of the main voices on TAPPED, our blog. She has also been a talented editor and—dare I say it—innovator on both the Web and print magazine. —MARK SCHMITT



Radical, Religious, and Violent

THE NEW ECONOMICS OF TERRORISM
Eli Berman

"A brilliant study of terrorist violence, *Radical, Religious, and Violent* offers an innovative and powerful explanation for the lethality of violent religious groups. This is an important and compelling work by an outstanding scholar." — Richard English, author of *Armed Struggle: The History of the IRA*
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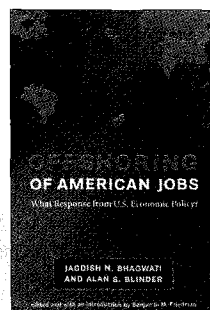


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Michael Gecan

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Offshoring of American Jobs

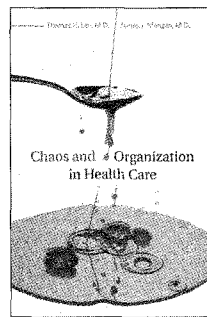
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Jagdish Bhagwati and Alan S. Blinder

edited and with an introduction by Benjamin M. Friedman

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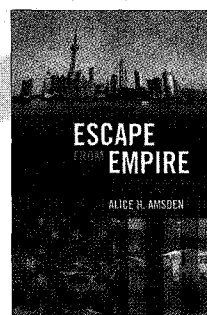


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Thomas H. Lee, M.D., and James J. Mongan, M.D.

"Two of the most skilled and admired senior health care executives in America offer their diagnosis and prescription for a troubled, unsustainable health care system. Their insights rest on decades of experience and sound science, and their recommendations are textured and sophisticated. I hope we have the courage and discipline to listen to them and act." — Donald M. Berwick, President and CEO, Institute for Healthcare Improvement

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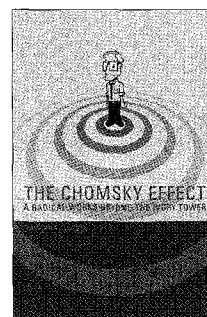
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Robert F. Barsky

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Up Front



The Canadian Way of War

Can we learn to fight from our staid northern neighbors?

BY TIM FERNHOLZ

It was a public-relations stunt worthy of P.T. Barnum, perfect for getting the attention of a uninterested American audience: Tuck an Afghan village, complete with authentic Afghans, into the heart of Washington, D.C., right between the White House and Capitol Hill. Then, blow it the hell up.

The most surprising part of the whole idea was who came up with it: the Canadian government.

Boom!

Alas, sober-minded

authorities managed to shut down this worthwhile Canadian initiative a few days before it occurred, thinking the melodramatics might frighten citizens still trained by the Bush administration to panic at the slightest whiff of terrorism. The staff of the Canadian Embassy, where the staged attack was set to take place, elected to soldier on with a decidedly less-flashy forum designed to remind Americans that Canadians are still fighting alongside—and, for a time, were fighting without—U.S.

troops in Afghanistan.

The Canadian Embassy is an expansive limestone structure, modernist in style, beautiful to approach, and apparently an architectural joke on us—an anecdote from the biography of the designer, Arthur Erickson, reports that the zoning-mandated columns in the facade are hollow, “mocking the U.S. and all of its imperial pretensions.” Maybe so, but it’s the little touches—like the sign by the fountain informing passersby of “eau non potable”—that retain an air of Canadian punctiliousness.

Inside, instead of Afghans and pyrotechnics, I found

an assemblage of Canadian officials, an assortment of representatives from other NATO allies, and even a bagpipe player flown in from Montreal specifically for the event. But scant few Americans were in attendance. Following a couple of Canadian military officers who joked about their need for a drink—“It’s the Afghanistan effect!”—I ran into Jennie Chen, an embassy counselor who had just returned from a year-long diplomatic stint in Afghanistan. The conflict, she said, is a big issue in Canada, which has committed some 2,700 troops through 2011. Canadians, she explained, emphasize a whole-of-government approach, primarily focused on developing the Afghan army rather than engaging in the kind of counterinsurgency operations now popular in the U.S. military.

“We welcome the U.S.,” Chen said of the recent American troop deployments to Afghanistan, “particularly in the south—we’ve been holding it on our own.”

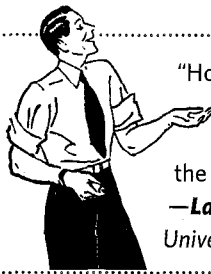
Indeed, around Kandahar, in southern Afghanistan, the Canadians were essentially on their own until last year as they attempted to train new Afghan forces and conduct security patrols of the surrounding area but lacked the troops and direction to pursue a counterinsurgency strategy of fighting to



ERIC PALMA; ROY DEE / ISTOCKPHOTO

THE QUESTION

What is your best D.C. pickup line?



"How about you and me form a coalition of the willing?"
—**Larry Sabato**,
University of Virginia

"Is there any room for me in your caucus?"
—**Jesse Taylor**,
pandagon.net

"Should we take this back to my place or would you prefer the 'public option'?"
—**Ryan Avent**,
blogger

"Baby, CBO would score you a 10."
—**Eric Rauchway**,
U.C. Davis

"I'm moving to New York City. Wanna come?"
—**Andrew Golis**,
Talking Points Memo

protect civilians. The Taliban gained ground in the south—its traditional ethnic home—against frustrated Canadian forces.

"[Americans] need to understand this is the toughest environment," Canadian Capt. Chris Blouin told a McClatchy reporter over the summer. "Expect everything."

American military observers have looked down upon the work of our NATO allies in Afghanistan, deriding them for failing to leave their bases and engage the enemy "outside the wire." (Indeed, a decision by German military officers to attack suspected Taliban with missiles instead of troops led to over a hundred civilian casualties and a major public-relations debacle.) They say the Canadians are better than most but still fault their ability to go after insurgents.

Now, though, with Americans leery of the troop increases that go along with counterinsurgency, many, including some influential senators like Carl Levin, are considering a more Canadian approach focused on quickly scaling up the Afghan army and police force. With public support for the war falling, policy-makers in Washington are rethinking the fundamental logic of our efforts in Afghanistan and asking whether we need a counterinsurgency mission to fulfill a counterterrorism objec-

PARODY BY T.A. FRANK

Term-Paper Trail

"Every level of government should statutorily and procedurally prefer married couples over cohabitators, homosexuals, or fornicators."

—highlight from the 1989 graduate thesis of Virginia gubernatorial candidate Robert F. McDonnell

Other highlights the Prospect has uncovered from the college papers of prominent political leaders:

"Often unfairly depicted, Moriarty is primarily motivated by self-defense, which forces him to work the dark side, if you will."

—**Dick Cheney**
Casper College

"When Bartleby says, 'I would prefer not to' to every request made of him in the workplace, it may seem as if he is simply offering refusal and obstruction. That is entirely unfair to Bartleby. What Bartleby is really saying is, 'What we all need to do is to slow down, stop this current process, start over, and get it right.'"

—**Mitch McConnell**
University of Louisville

"A notably unfair negative portrayal is Shakespeare's *Richard III*, as this ignores the security threats Richard faced during the War of the Roses. He had no choice but to work the dark side, if you will."

—**Richard Cheney**
Casper College

"Konrad Adenauer has preserved the essential ambivalence about West German identity that ...

wait, are you sleeping?"

—**John Kerry**, Yale

"Atticus Finch is an admirable character in *To Kill a Mockingbird*, but that does not mean he has the right to question the due process against his client. I have not seen anything in the case of Tom Robinson that would cause me to think that the decision that was made by the courts of the state of Alabama was not correct."

—**Rick Perry**, Texas A&M

"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness."

—**Joe Biden**
University of Delaware

"*Hamlet* is a famous work by William Shakespeare that, like all of them, any of them, is very great."

—**Sarah Palin**
Hawaii Pacific University

"*Hamlet* is a famous work by William Shakespeare that is very great, like any of them, all of them."

—**Sarah Palin**, North Idaho College

"*Hamlet* is a famous work, like any of them, all of them, by William Shakespeare that is very great."

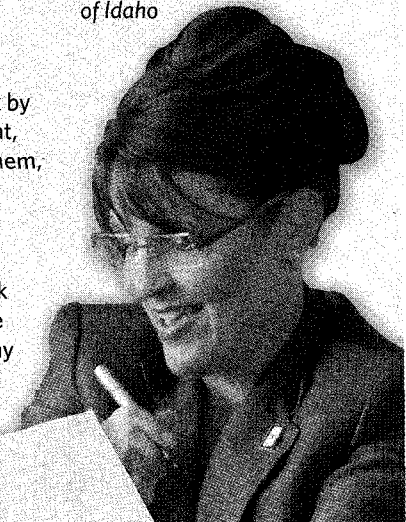
—**Sarah Palin**
University of Idaho

"Like all of them, any of them, *Hamlet* is a famous work by William Shakespeare that is very great."

—**Sarah Palin**
Matanuska-Susitna College

"*Macbeth* is a famous work by William Shakespeare that, like any of them, all of them, is very great."

—**Sarah Palin**
back at the University of Idaho



T.A. Frank is an Irvine Fellow at the New America Foundation.

tive. It's a shame none of them made it to the forum.

One person who isn't reconsidering the American deployment is Said T.

Jawad, the Afghan ambassador to the U.S. who spoke at the luncheon, glossing over recent problems with electoral fraud that put

his job in jeopardy and thanking the Canadians and Americans for their sacrifices. Unless they con-
(continued on page 9)

A PARANOID'S FIELD GUIDE TO The NORTH AMERICAN NUT TREE

THE
KNOW-NOTHING
PARTY, LED BY
WILLIAM POOLE, FED
FEAR OF CATHOLICS

THE JOHN
BIRCH SOCIETY,
FORMED BY ROBERT WELCH,
ANTI-U.N./CIVIL-
RIGHTS MOVEMENT

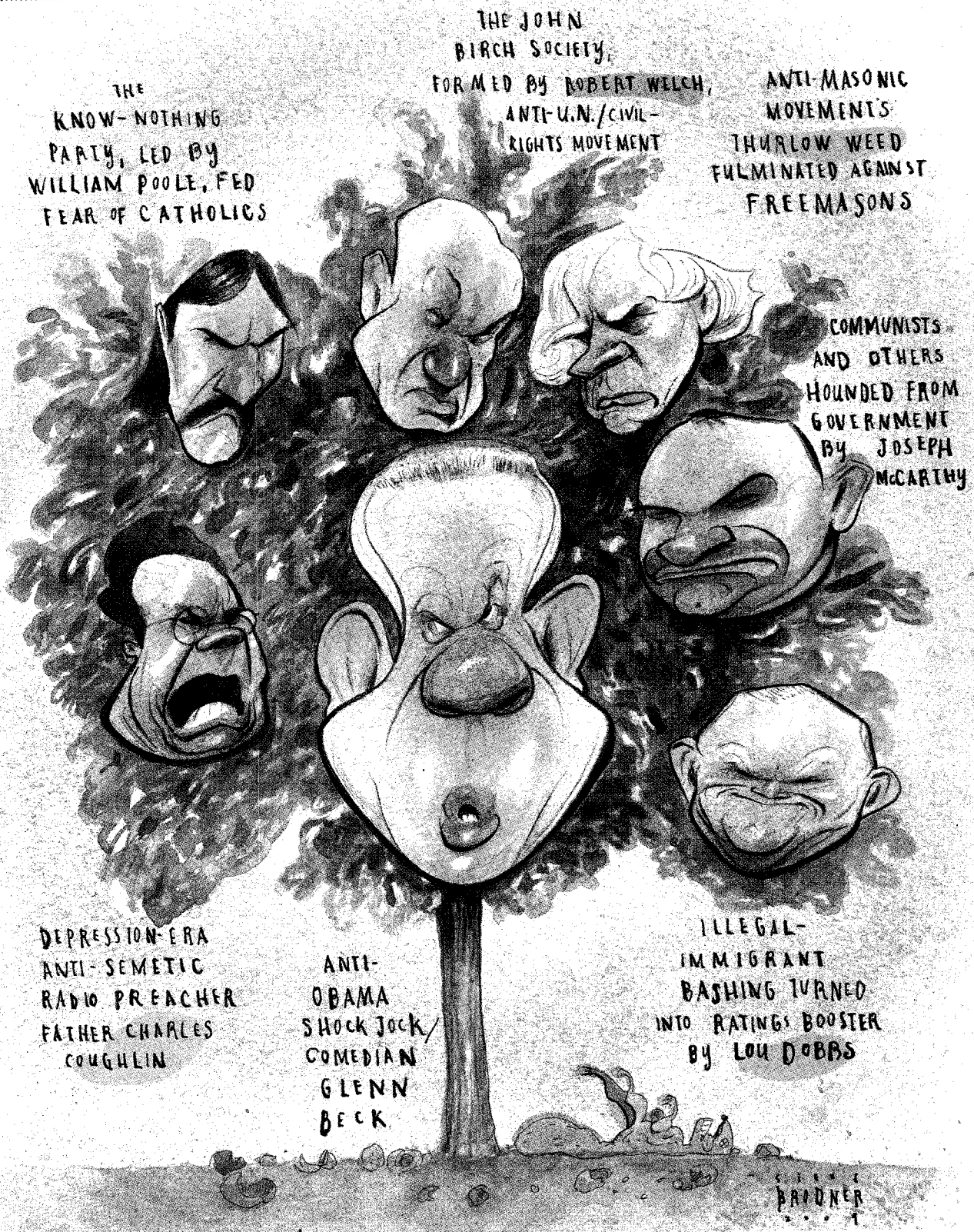
ANTI-MASONIC
MOVEMENT'S
THURLOW WEED
FULMINATED AGAINST
FREEMASONS

COMMUNISTS
AND OTHERS
HOUNDED FROM
GOVERNMENT
BY JOSEPH
McARTHY

DEPRESSION-ERA
ANTI-SEMITIC
RADIO PREACHER
FATHER CHARLES
COUGHLIN

ANTI-
OBAMA
SHOCK JOCK/
COMEDIAN
GLENN
BECK

ILLEGAL-
IMMIGRANT
BASHING TURNED
INTO RATINGS BOOSTER
BY LOU DOBBS



(continued from page 7)

tinued, he said, terrorism would land at their doors. "I disagree with those who argue that it is dangerous to be in Afghanistan," he said. "It's a lot more dangerous not being there."

The difference between the U.S. and Canadian approaches became clearer in an afternoon panel on policing, when Tom Schrettner, a Drug Enforcement Administration agent, gave a presentation on his agency's efforts to fight drug trafficking in Afghanistan. It began a little above my head—"as you know, the major compound you need to make heroin is acetic anhydride"—but quickly came down to earth as Agent Schrettner discussed how the DEA has trained Afghans to assault suspected drug havens.

"Those sites are actioned through a military means to deprive the enemy of that resource," he explained with bureaucratic clarity. Later, he was even blunter. "There will invariably be huge gunfights."

Agent Schrettner was excited to play a clip from ABC News showing a DEA team leading the Afghan police on a raid of suspected drug producers. "This will wake you up," he promised. Onscreen, as police arrest a suspect, the narrator observes that though the man tells his wife and children he is only being taken for questioning, Afghanistan's harsh drug laws will

put him in jail for 15 years.

It didn't seem like anyone was winning hearts and minds.

Agent Schrettner's counterpart, Paul Young of the Royal Canadian Mounted Police—sporting a standard police uniform rather than a red Dudley Do-Right getup—made a much less sexy presentation focused on training Afghanistan's regular police force. "My heart is in Afghanistan," he explained. "Parts of it have never returned." Then, with a note of reproach in his voice, he commented on the DEA presentation: "I often wonder if we're creating a civilian police force or a paramilitary police force." There was no doubt which he preferred.

The two men then joined an Afghan general and his interpreter for a panel discussion, which offered a taste of what both nations must be going through in Afghanistan every day—even without the benefit of a fake Afghan village and a staged explosion. Doctrinal differences in the two police approaches faded to the background as both men struggled to communicate with the irascible general, who seemed to be asking if they visited Kabul's red-light district. The interpreter intervened, explaining that "he is a policeman; he doesn't go there."

The general gestured broadly—*of course* they don't get it, then. **TAP**

DIALOGUE JUSTICE LEAGUE

Who will be the next Supreme Court nominee?

ADAM SERWER: With John Paul Stevens and Ruth Bader Ginsburg possibly retiring soon, we may be looking at another Supreme Court battle in the near future. Who should Obama nominate?

SCOTT LEMIEUX: Well, there are a variety of things to consider, but with the Democratic majority in the Senate, it's time to appoint a strong liberal.

ADAM: Right, but do you think Obama agrees? Or will he choose another moderate who can be sold as a "pragmatist"?

SCOTT: I do worry about that. The optimistic way of looking at this is that Bush sold Roberts and Alito as moderates, after all. Judge Diane Wood, who seemed to be high on the shortlist last time, would be easily confirmable but is acceptably liberal.

ADAM: I like Wood, but I also like Harold Koh, who has been vocally critical of executive overreach.

SCOTT: Obama should consider Pamela Karlan of Stanford Law, for a few reasons: She's a strong liberal, someone with the intellectual ability and theoretical chops to defend liberal constitutional philosophy against Scalia and Thomas ...

ADAM: The fact that she's got a razor wit is also a plus.

SCOTT: Her sense of humor does help. With Ginsburg likely to retire, we need someone who can write the kinds of dissents she's famous for.

ADAM: Is there anyone you don't want to see nominated?

SCOTT: Some liberals would cite Cass Sunstein here, but I don't actually think Obama will choose him. And even if he did, I think he'd basically be a reliable liberal vote.



ADAM: So you don't think there are any potential "disaster" picks?

SCOTT: Well, you never know, but at least among the most discussed potential nominees—Kagan, Wood, Koh—they all seem OK to me.



ADAM: Elena Kagan? She's good but she seems somewhat deferential to executive power.

SCOTT: Her youth is, like it or not, a major advantage. I wish we had term limits, but since we don't, you have to consider it.

ADAM: Are you expecting a more explicit throw-down between liberal and conservative judicial philosophies this time? The Sotomayor hearings seemed to cement the idea of activism as bad, even though both sides do it.

SCOTT: The political advantages of just restating a lot of drivel about mechanically applying the law are so obvious that doing so is almost irresistible.

ADAM: Politically speaking, my preferred order would be Karlan, then Koh. I'm looking forward to hearing Pat Buchanan's explanation of why Asian Americans can't be judges.

Scott Lemieux is an assistant professor at the College of Saint Rose in Albany, New York, and a contributor to the Prospect's group blog, TAPPED.

Title IX Dad by Mark Schmitt

When it's her long-awaited turn to play an inning behind the plate, I rush over to my daughter and help her strap on her leg guards, chest protector, and mask and then watch as she does her best imitation of Jorge Posada, crouched unsmiling behind the batter. When there's a chance of a play at the plate, she whips off the mask and positions

her glove exactly where it's supposed to be.

It still brings a tear to my eye. I didn't expect to be much of a Little League dad—I never played organized baseball myself and don't have much of a competitive streak. But I'm very much a Title IX dad. My 8-year-old is the only girl on her team this year, but that's mostly a trivial fact. She's hardly conscious of it, and

ment that did not even mention athletics in its requirement that federally funded education programs not discriminate by gender (with extensive exceptions for single-sex colleges, fraternities, sororities, and beauty pageants). A year later, the National Organization for Women launched a case that would ultimately lead Congress to change the Little League's congressional

pass both my daughter and many of my co-workers!) They are characterized above all by tolerance but also by cooperation, liberal political views, and respect for public institutions. They form the basis not just for the Obama Democratic



last February calling on the administration to “think big”—but more than one social transformation has been spurred by a change whose implications seemed modest at the time.

Second, many liberals have become wary of getting too far ahead of the culture. We know that same-sex marriage will eventually be legal everywhere, and we fight efforts to ban it, but many of us are also hesitant about pushing the point too hard in areas of the country that don't seem ready. Sensible liberal legal scholars worry that *Roe v. Wade* (1973) got ahead of changing attitudes on reproductive rights. If we were transported back to 1972, some of us might worry that schoolchildren and their parents weren't ready for such an abrupt transformation as Title IX. Most people “accepted baseball as a male prerogative of some sort,” complained a Little League vice president in 1974.

But as I watch my daughter do something that would have been unlikely for a girl of my generation, and see all that goes with it, I'm endlessly thankful to those litigators and legislators of the early 1970s who weren't at all afraid to give the culture and its assumptions a shove in the name of fairness. And so should my daughter be. Although for now, it's more exciting that last spring her coach declared her the team's Most Valuable Catcher. **TAP**

Title IX, with all its limits, was a nudge that set off a chain of social transformations.

the only time I've ever heard any of her teammates mention it was to worry about whether she was going to switch to softball, as other girls have done—something she has no intention of doing. She was thrilled when she learned that there was no actual rule or law against women playing Major League Baseball, just that it hadn't happened yet. Her aspiration to play for the Yankees is not measurably less realistic than any other 8-year-old's.

Her routine participation in Little League still seems something of a miracle. It's certainly more than was imagined by the authors of Title IX, the 1972 amend-

ment to refer to “young people” instead of “boys” and to eliminate its reference to promoting “manhood.”

As one watches these kids round the bases and cheer one another on, it's also obvious that there's a lot more to it than just athletics. This generation of children is unfailingly decent to one another, respectful of one another's different personalities, and attentive to and proud of one another's successes. The petty cruelties of childhood are rare. Political scientists have marveled at the distinctive attitudes of “millennials,” born roughly between 1982 and 2003. (Thus, a single generation seems to encom-

pass both my daughter and many of my co-workers!) They are characterized above all by tolerance but also by cooperation, liberal political views, and respect for public institutions. They form the basis not just for the Obama Democratic

coalition but for the hope of a progressive politics in the future. And the kind of equality promoted by Title IX surely has had something to do with that. What can we take from these moments? First, that small gestures toward equality and fairness can have vast implications into the future. Title IX, with all its limits, was a nudge that set off a chain of social transformations. We often think that big changes can only come from big actions—this magazine co-sponsored a conference

The Polanski Paradox by Ann Friedman

This year, violence against women—an issue doggedly championed by feminists but rarely a front-page story—seemed to make headlines in every section of the newspaper. Sports: A hotel worker accused Pittsburgh Steelers quarterback Ben Roethlisberger of raping her. Entertainment: Singer Chris Brown was sentenced to probation for assaulting

his girlfriend and fellow hip-hop star, Rihanna. International: After decades on the lam, Roman Polanski was arrested in Switzerland for drugging and raping a 13-year-old girl in 1977. Politics: Recently seated Sen. Al Franken introduced an amendment to withhold defense contracts from companies like KBR if they prevent their employees from speaking out about sexual assault. And the health-reform debate revealed that many insurance companies classify domestic violence as a “pre-existing condition,” denying coverage to victims of abuse.

The Department of Justice also announced new data on violence against women. Between 1993 and 2008, overall rates of domestic violence and sexual assault dropped, but violence against women is still at epidemic levels. Of every 1,000 American women, 4.3 have experienced domestic abuse, and 89,000 women reported being raped last year. The statistics were released this fall, which also marked the 15th anniversary of the Violence Against Women Act. VAWA, the primary way the federal government addresses this issue, provides funding for domestic-violence shelters, law-enforcement training programs, and services for sexual-

assault survivors. While its goals seem hard to disagree with—protecting women and deterring assault and abuse—the law remains controversial among conservatives who argue it is sexist against men (even though VAWA provides funding for services for men, too, despite the fact that women are five times more likely than men to be victims of domestic violence).

VAWA is also controversial among some liberals but for a very different reason. While overall the legislation has been incredibly successful at increasing privacy protections for survivors and funding the organizations that serve them, VAWA also injects our flawed criminal-justice system into personal relationships. In doing so, it poses a deep quandary for those of us who are critical of that system but believe strongly that rapists and domestic abusers should be accountable for their actions.

Originally, the legislation required states receiving VAWA funds to implement “mandatory arrest” policies if police were called to a home on reports of domestic violence. As Elizabeth M. Schneider writes in her book *Battered Women and Feminist Lawmaking*, the provision was lawmakers’

answer to the fact that many police officers are reluctant to arrest batterers—and that many survivors of abuse are reluctant to charge their abusers with a crime. This policy, which was ratcheted down from “mandatory arrest” to “pro-arrest” when VAWA was reauthorized in 2005, disregarded the fact that not all women interact with the criminal-justice system in the same way. An

nature of this crime is what makes such a broad response inherently problematic. Many observers were shocked when Rihanna chose not to press charges against Brown. The woman who, as a child, was raped by Polanski later said that she wished prosecutors would drop the case. This may be hard to accept for those of us who saw the photos of Rihanna’s bruised face or read the damning testimony from Polanski’s trial, but these women have a right to decline to get involved with the justice system. Violence against women is a public scourge, but respecting survivors’

The epidemic of violence against women is a public scourge, but respecting survivors’ wishes must be paramount.

upper-middle-class white woman may conclude that involving the police (getting a restraining order, perhaps) against her abusive husband will make her safer, but will a woman of color in a low-income neighborhood come to the same conclusion? When your community has a contentious history with law enforcement, involving police might not seem like such a good idea.

It’s understandable, given the prevalence of violence against women in this country, to want to push for big, systemic solutions to the problem. That is the premise on which VAWA was based. But the deeply personal

wishes must be paramount.

If our goal is to keep women safe from violence and, failing that, help those who have experienced it to heal and move on, a more personal response may be warranted. Of course, VAWA does fund many programs that do just that. It has funneled grant money to organizations, advocates, and shelters that do critical work within communities to reduce the incidence of violence against women and to support survivors. When it comes time to reauthorize the legislation next year, that’s where we should put the focus—on educating men and empowering women. **TAP**

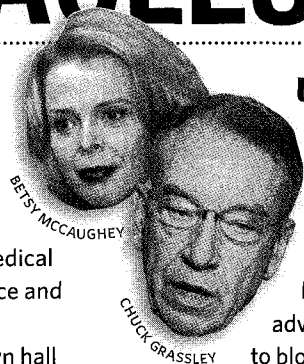
THE OBSTACLES TO REAL

American presidents have tried seven times to bring us into the community of nations that provide health care to all citizens. Seven times the effort failed. More accurately, it was blocked. In the 1940s, the anti-reform movement was led by doctors, through the American Medical Association. In the 1990s, it was led by the insurance and small-business lobbies.

This time everything has been different. The town hall meetings and right-wing distortions of this summer drew attention away from a far more significant fact: Most of the traditional enemies of reform have been quiet, absent, or divided. Many—including the conservative American Medical Association—are almost supportive of reform. Large and small businesses understand that reducing their health-care costs and making them predictable will be good for their bottom line, and the chief lobbyist for the U.S. Chamber of Commerce, Bruce Josten, has said, “The reality with the business community is that we want reform.” Even the National Federation of Independent Business, which took the lead in opposing reform in the Clinton years, now participates in some pro-reform coalitions. And while insurance companies have much to lose from legislation that includes a public option and tight regulations, many large insurers know that they can survive and thrive when every American purchases insurance.

Still, new obstacles emerged to take their place. Some, like the traditional opponents, fought the legislative battle, using public fear and political manipulation to try to stop the bill from passing or to influence it so it fails to achieve the goal of universal coverage. Other obstacles will not fully emerge until a health-reform bill becomes law. The bill that is coming together as of this writing is a product of delicate and complex maneuvering around not only the outright opponents of reform but also around the fallout from choices made earlier in the game by supporters of reform. The course taken around those obstacles will define the legislation and its ultimate direction. Will it lead to universal coverage? Will it reduce costs and bring insurance companies under control? Or will it do too little and create the wrong incentives? Worst of all, will it lead to a public backlash, like the one that led to the abrupt repeal of catastrophic care for seniors in 1989?

Those questions won't be answered on the day that President Barack Obama signs a bill. His signing ceremony will be just one momentous step along the road to universal coverage. The forces that seek to undercut the promise of reform will still have plenty of room to maneuver. And the choices made by reformers will still define the path of what's possible, for better or worse. —MARK SCHMITT



BETSY MCCAUGHEY

CHUCK GRASSLEY

Unhinged Republicans

Before the 1994 health-care battle, William Kristol wrote a legendary memo advising Republicans to block everything that had to do with reform—but not everyone stayed on message. Moderate Republicans participated in the process because they did not want to be seen as obstructing a popular reform, and a bipartisan group of senators came surprisingly close to agreeing on a bill.

In the current episode, however, Republican legislators have been almost unanimous in taking Kristol's advice. Claims from critics like the long-discredited Betsy McCaughey that the legislation would create “death panels” moved smoothly into the GOP bloodstream and became arguments not just to delete the elusive offending provision but to kill the entire bill. Even the small-business and insurance lobbyists have been more cooperative than the party they bankroll. The result of opting out of the legislative process is that Republicans have sacrificed the opportunity to craft the bill, and if they fail to block it, they have one option: Incite a backlash.

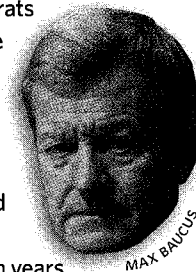
And that is not a far-fetched option. One of the great advantages of broadly bipartisan legislation is that, with both parties invested in it, neither can exploit a backlash. But if there is even a single moment of hesitation about the costs, slow implementation, or some unintended consequence, the GOP will aggressively remind voters of the “Democrat bill.” While the conventional

wisdom—assumed by the Kristol strategy—is that health reform will be a lasting political victory for Democrats, there is still potential for trouble after the initial glow wears off.

Diffident Democrats

While Republicans bowed out of the health-reform game, the fear they stoked infected key Democrats, most notably Senate Finance Committee Chair Max Baucus of Montana. Baucus and his colleagues like Bill Nelson of Florida or Blanche Lincoln of Arkansas have never needed an excuse to avoid all political risk (even though they won their last elections with an average of 63 percent of the vote), but the Republican fear campaign about Medicare cuts, “death panels,” and government takeover sent Baucus and his ilk fluttering to safety, opposing strong versions of the public option and weakening the bill in other ways. Some of these Democrats are conservative “Blue Dogs,” but more often they seem driven less by ideology than by a conditioned response to the Reagan-Gingrich years and have resumed old patterns of learned helplessness.

Even that may be giving them too much credit. While the Republicans are actually doing few favors for their lobbyist allies, the Democrats causing the most difficulty often seem to be the most deeply embedded in the culture of influence. A recent study by the Sunlight Foundation, for example, found five former Baucus staffers lobbying for 27 different companies with interests in the bill.



MAX BAUCUS



Which lobbying groups shelled out big bucks to influence health reform, and what did they get for their troubles? *See page 14.*

HEALTH-CARE REFORM

Deficit Hawks

The recession and the urgent need for fiscal stimulus created a brief moment when we genuinely didn't have to worry about the federal budget deficit.

The Obama administration embraced the view, promulgated by Peter Orszag when he was head of the Congressional Budget Office, that the fiscal problem is a health-care problem and that overhauling the entire system is the only way to bring the costs of Medicare and Medicaid (the entitlement programs driving the long-term deficit) under control.

By late summer, both ideas seemed to be fading away. The economic stimulus and other costs had set us on a path toward annual deficits in the trillion-dollar range that even most liberals recognize as unsustainable, and Orszag's successor at the CBO, Doug Elmendorf, in his critical role of "scoring" the legislative proposals, was much more hesitant to embrace the idea that health reform creates savings. Meanwhile, the well-funded fiscal-responsibility lobby has been insistent that health reform not add to the deficit. There are savings possible in Medicare without reducing services, but the mere mention of changing Medicare created an opening for Republicans to stoke fear among the elderly.

As a result, the political obligation to satisfy deficit hawks like Sen. Kent Conrad, together with the diffident Democrats' fear of even painless Medicare cuts, forced



KENT CONRAD

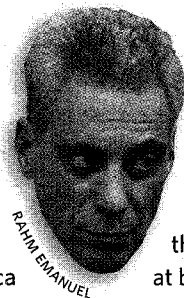
the legislation through the eye of a very small needle.

Deal-Makers

As George W. Bush loved to say, "I'm not going to negotiate with myself." Long before the health-reform debate began, progressives began to make a series of negotiations with ourselves and with interest groups. The deals were probably necessary, and some were brilliant, but each came at a cost.

The first and savviest deal, embraced by all the major Democratic presidential candidates in 2008 and the main pro-reform coalition, Health Care for America Now, was to push not for single-payer health care but for a "public option" in a system of regulated private insurance. Candidate John Edwards promised that a well-designed public option might eventually become the main source of health insurance for Americans, a de facto single-payer system. That hope drew most of the single-payer constituency to the public option, even though the vision of a public plan that covers most Americans has long been abandoned.

What if single-payer advocates had stuck to their guns and then fallen back on the public option as a compromise? That's a question progressives have been asking themselves all year. The answer is probably that the



RAHM EMANUEL

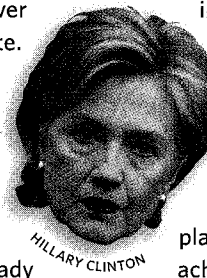
single-payer advocates would have been marginalized and left without much leverage, as was the case in 1993. This deal may have been necessary for reform, but it nonetheless limits the possibilities.

Other deals cut by the White House helped placate the pharmaceutical companies, hospitals, and doctors. (See page 14 for more details.) Each compromise with lobbyists limited Congress' freedom to craft a bill that might be more appealing to voters or expand coverage at a lower cost. The deals did successfully keep the old enemies of reform at bay. But as health reform moves toward implementation, the cost of making these deals will be undeniable.

Historians

Although a child born during the last health-reform fight would now be preparing for her SATs, the lessons of 1993 and 1994 loom over the current debate.

Don't write the bill in the White House. Don't be too complicated. And above all, don't mess with what people already have. Not surprisingly, it was Hillary Clinton, as a candidate in 2007, who set the tone—if you like the plan you have, you'll get to keep it. Obama and the other candidates fol-



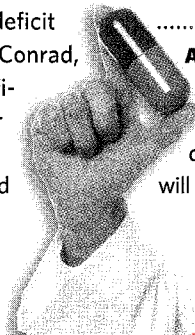
HILLARY CLINTON

lowed suit, and that promise—nothing will change, and you have nothing to fear if you are already insured—has become the one pillar of reform.

Like the deals, that assurance was probably necessary. Health-policy wonks often forget how closely fear is associated with health care and insurance. And as behavioral economics shows, people's fear of losing what they have, even if it's inadequate, outweighs the value they place on getting something better. But the promise that nothing will change creates a perception that reform benefits only the uninsured—it's a program for "them," not "us." Members of the insured majority, then, bear the cost but see no benefit. The assurance that nothing will change excluded some of the most promising approaches to reform, notably those that would end employer-based health insurance completely.

It's also a false promise. Any major change in health-insurance markets is likely to ripple through the entire system. And insurance changes in dramatic ways of its own accord—within a few years after the failure of the Clinton plan, the HMO revolution had achieved much of the cost reduction proposed in that plan. If voters take the promise that "nothing will change" too seriously, there is further risk of a backlash, because things will change. **TAP**

A CAVEAT: Some things are just difficult! While some of the obstacles to reform can be given names and faces, probably the biggest barrier to a better health-care system is a bit more mundane: Reform is just inherently difficult. Implementation will take years and during that time, may be derailed by economic or political shifts. The quest to provide every American with decent health care will continue for years, if not decades, even if 2009 turns out to be the turning point in this long history.



LET'S MAKE A DEAL!

Sarah Laskow checks out some of the health-care lobbying efforts.

▼ INFLUENCE

▼ DEMANDS

▼ RESULTS

AARP

AARP, an organization for people age 50 and over, is one of the biggest players in Washington, and its health-care lobbying team increased from 36 lobbyists at the end of 2008 to 42 in the last quarter. The group has spent more than \$9 million on lobbying this year.

AARP's membership splits evenly along party lines, so the group's main priority has been discussing "the need for bipartisan action." No matter what their political persuasion, however, most older Americans stand to benefit from cuts to prescription drug prices, and AARP is using its lobbying dollars to ensure that they do.

AARP scored a victory when the pharmaceutical industry pledged to halve the rates Medicare recipients pay out of pocket for prescription drugs once they've exhausted their yearly benefits. The House Energy and Commerce Committee bill also allows the federal government to negotiate prices for drugs purchased under Medicare, which tends to save consumers money.

AHIP

America's Health Insurance Plans, the health insurers' lobby, may have a smaller lobbying budget than some of its counterparts, but it wields outsized clout. The group has spent \$3.9 million on lobbying this year. Insurers gained some pull by promising to stop certain practices, such as denying coverage based on pre-existing conditions.

Insurers stand to gain tens of millions of customers under the individual mandate, a provision that will require all Americans to have insurance. (The group argues that the reforms it has proposed will not work if people can choose to opt out of health care altogether.) Any government-sponsored health plan is a deal-breaker.

President Barack Obama has changed since the campaign and now supports a plan that would require Americans to buy health insurance. The provision made it into every bill drafted. And although AHIP is not the sole force trying to keep the public option at bay, its opposition has kept reformers on edge.

AMA

In the 1940s, the **American Medical Association** made universal health care synonymous with "socialized medicine," derailing reform efforts. With more than \$8 million in 2009 lobbying expenditures, the AMA overshadows physicians' groups like the progressive National Physicians Alliance, which has no budget to hire lobbyists.

The AMA would love for Congress to eliminate the sustainable growth-rate formula, which is meant to reduce Medicare reimbursement rates if they outstrip the growth of the economy as a whole. The group also has advocated medical malpractice reform and has qualms about an initiative that would collect data on doctors' success rates.

The House version of reform sought to repeal the sustainable growth-rate formula. The Senate, however, simply waived the cuts for 2010. The Energy and Commerce committee voted to give incentives to states for malpractice litigation reforms like requiring an expert to evaluate the merits of a case before it goes forward.

U.S. Chamber

The **U.S. Chamber of Commerce** represents businesses big and small and, over the past decade, has spent more money on lobbying than any other organization. It devotes the most effort to lobbying on trade issues, but its 20-person health-care team ranks third.

Most of the plans considered by Congress went too far for the chamber. The group would prefer market-based reforms that steer clear of both the public option and requirements that businesses either purchase health insurance for their employees or pay additional taxes.

The Finance Committee's version of the bill does not require employers to provide health care and caps fees for those who do not at \$400 per employee. The Energy and Commerce bill, by contrast, has employers paying 8 percent of average employee salaries to a health-insurance trust fund.

PhRMA

The **Pharmaceutical Research and Manufacturers of America** has spent more than \$13 million on lobbying this year, more than any other health-related organization. Last June, the group cut a deal with Obama and Sen. Max Baucus and committed \$30 billion to cutting rates for Medicare patients who pay out of pocket for their prescriptions.

As part of the June deal, PhRMA demanded that the government not haggle over drug prices for Medicare. Along with the Biotechnology Industry Organization, PhRMA also pushed for extended data exclusivity for biologics, drugs developed based on DNA research. And although the group supports research into comparative drug effectiveness, it is careful to say that the results should not limit doctors' choices.

Although Rep. Henry Waxman, in particular, supported government-negotiated drug pricing, Baucus' version of health-care reform stuck to the terms of the June deal. In Waxman's committee, a proposal by Rep. Anna Eshoo that would give companies 12 years of exclusivity on biologics beat Waxman's bill, which offered only five.

SEIU

The **Service Employees International Union** has gone out of its way to make friends with other players. The group joined the Divided We Fail campaign (along with AARP), Americans for Stable Quality Care (with PhRMA and AMA), and the progressive coalition, Health Care for America Now.

SEIU's main push is for "affordability," so the group supports "play or pay" provisions that tax employers if they don't provide health care. SEIU also wants a public option but is open to other possibilities.

Four of the five committees working on health care created legislation that required most employers to buy insurance or face tax penalties. The Finance Committee's provision—the \$400 cap per employee—is weaker.

Sarah Laskow is a journalist based in New York.

Constant Comment

How Kathleen Parker became America's most-read woman columnist

BY KERRY HOWLEY

S*ave the Males*, Kathleen Parker's 2008 polemic on sexual permissiveness and libertinism, contains the following euphemisms for vagina: "inner sanctum," "familiar," "you know what," "very private parlor," "sacred vessel," "vestal vestibule," and "hirsute abyss of God's little oven." We will be, laments Parker in her obligatory chapter on Eve Ensler's *The Vagina Monologues*, so "awash in vaginaism," that we are nothing beyond "vaginas on the plain seeking out other vaginas with which to hold hands and gaze unlongingly into the silky night of a manless moon." We have abandoned a better, gentler America, a place where women were "above this sort of thing," a nation where men did not "talk about vaginas in public."

For a woman who clearly loves to talk about sex but feels compelled to deride the vulgarization of public discourse, there is perhaps nothing to do but write a book about the hot, wet, carnal sins of Ensler and Lindsay Lohan. And *Save the Males'* contribution to the culture it professes to despise is only the most obvious of its internal contradictions. It adheres to no known ideology, which is to say it resembles the thinking of the vast majority of Americans. Its only organizing principle is that most enigmatic of moral guideposts, "common sense."

Parker is a phenomenally successful defender of "common sense" in all its culture-bound oddity. Love her, hate her, or lack the foggiest idea of who she might be, she is the most widely syndicated female columnist in the nation. Data on the reach of particular columnists is hard to come by, but a 2007 Media Matters report ranked her third among all columnists in terms of the number of newspapers that carry the column, just behind George Will and Cal Thomas. In September of 2009, according to the Washington Post Writers Group, the syndicate that distributes both Parker and Will, she was running in a few more papers than her colleague. These numbers don't measure online reach, but they do suggest a massive geographic spread.

Parker's popularity may come as a surprise to denizens of D.C. and New York or anyone who prefers major papers to smaller ones. News organizations like *The New York Times* tend to maintain their own stable of columnists; it's the readers of the *Biloxi Sun Herald* and *The Kansas City Star* who are likely to unfurl their rolled anachronisms to gaze upon Parker's twice-weekly syndicated opinions. "When I came to Washington," she says, "I was already in 350 papers. Washington people had never heard of me. But you'd have to stand in line to get

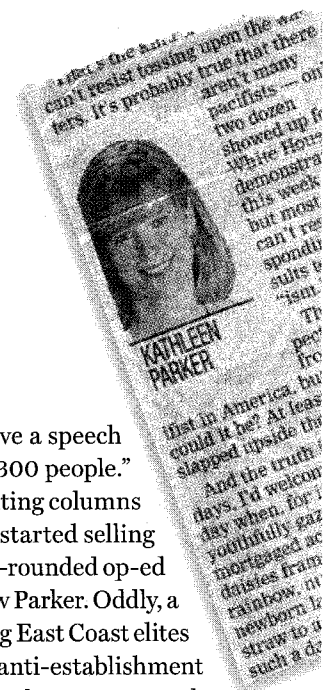
a ticket to see me in Oklahoma City. I give a speech out there, and it's standing room only, 1,300 people."

Twenty-two years after she started writing columns and 14 years after the Tribune Company started selling her as a conservative voice befitting a well-rounded op-ed page, Washington is finally getting to know Parker. Oddly, a good bit of that newfound notoriety among East Coast elites might be attributed to Sarah Palin, the anti-establishment vice-presidential candidate about whom Parker wrote a much-discussed column last September. Parker has since ascended to the hallowed space of *The Washington Post* op-ed page and has become somewhat of a regular on Sunday cable-news programs such as *The Chris Matthews Show*, where she sits to the right on a select panel of opinion providers.

Where Parker is known, she is known as an acerbic, 50-something, right-leaning commentator—disparaging of political correctness, supportive of military engagement, derisive of what she takes to be an overly sensitive populace. "If a 5-foot-6-inch, 115-pound middle-aged woman of Northern European extraction with shoulder-length, tastefully highlighted hair and dark-brown eyes who speaks English with a slight Southern accent recently had hijacked an airplane and killed thousands of people," she told readers in a Sept. 26, 2001, column, "I'd gladly subject myself to extra scrutiny." She has lived in the South for most of her life and considers herself in touch with normal people (who are known, in Parker-speak, as "Bubba," as in: "I've always been kind of an advocate for Bubba").

As a *Post* columnist Parker covers all the issues national opinion writers are expected to cover, from health care to environmental regulation, but her most passionate material has always been a good deal less policy-oriented, less hostage to "the story" as framed by the powers that be. In her early years as a pundit, she set herself up as a critic of contemporary feminism and what she characterized as an attack on the natural boundaries of gender. "It is little wonder that men and women don't know how to act anymore," sighs a Jan. 25, 1989, piece. "Women carry briefcases and condoms. Men wear aprons and plant petunias." In a Nov. 14, 1989, column, Parker reminds us that "there was a time not long ago when 'men's jewelry' were words not commonly used together." We are apprised on Feb. 19, 1989: "Like it or not, women do have more in common with each other than with men."

Such faith in unschooled intuition is best delivered infor-



mally, and Parker is not one to dress up her down-home Southern vocabulary. Words I learned during the writing of this article include “oogedy-boogedy” and “skedaddle.” “I don’t want to say she is *folksy*,” Michael Murphy, a former employee of the *Orlando Sentinel* and longtime editor of Parker’s work, told me, though he could think of no alternative adjective with which to describe her style. In conversation, Parker’s tendency toward sarcasm and unwillingness to curse drive her heavy use of the word “dadgum.”

Parker began renting a Georgetown studio apartment five years ago, and ever since she has split her time between D.C. and South Carolina, where her husband practices law. But it wasn’t until Sept. 26, 2008, a few weeks after Sen. John McCain announced a certain Alaska governor as his running mate, that Washington began to take notice. As Palin panning goes, the column was relatively sympathetic, tagging the vice-presidential candidate as the “antithesis of the hirsute, Birkenstock-wearing sisterhood.” It was with disappointment, Parker wrote, that she had come to realize how unready Palin was, how woefully underprepared for interviews and thus for the role of second in command. “Only Palin can save McCain, her party, and the country she loves. She can bow out for personal reasons, perhaps because she wants to spend more time with her newborn. No one would criticize a mother who puts her family first.” She ended the column: “Do it for your country.”

It was one of Parker’s best columns to date, empathetic and intelligent, and never had she received such a response: 20,000 e-mails in three weeks, many from enraged Palin supporters. Parker had built a career slamming the liberal media elite; now, her critics alleged, she had become one of them. “Allow me to introduce myself,” she memorably began her next column. “I am a traitor and an idiot. Also, my mother should have aborted me and left me in a dumpster, but since she didn’t, I should ‘off’ myself.”

In alienating thousands of readers Parker also became one of cable television’s favorite conservative dissenters. She showed up on *Reliable Sources*, *Larry King Live*, and *Hardball* to talk about Palin’s unreadiness, the right’s reaction to her thoughts on Palin’s unreadiness, and her reaction to the right’s reaction to her thoughts on Palin’s unreadiness. This was, in short, a Southern columnist’s coming-out party. And she wasn’t done. “[Republicans] do not ... deserve to win this time,” she declared in October and followed up with an incen-



diary December column referring to the “oogedy-boogedy” wing of the Republican Party, by which she seemed to mean religious social conservatives. “The GOP,” she wrote, “has surrendered its high ground to its lowest brows” and “Southern Republicans, it seems, have seceded from sanity.” She mocked Palin on *The Colbert Report*. *National Review* dumped her column. *The Washington Post* began running it.

“Ms. Parker is certainly not a conservative anymore, having apparently realized it’s a lot easier to be popular among your journalistic peers when your keyboard tilts to the left,” Focus on the Family’s James Dobson told the readers of his magazine. Rick Moran, a blogger, declared Parker “an intellectual harlot who sells her conservative soul in order to be thought of as ‘courageous’ by both her smart set liberal and conservative friends.” This senti-

ment seemed to be widely shared among the right-wing blogosphere. “I guess I can see Kathleen Parker at one of those cool cocktail parties,” wrote the Cranky Conservative, an anonymous blogger. “She’s the one pretending to keep up with the conversation because she wants to be with the ‘in’ crowd.”

The once-loyal columnist, it appeared, had trampled Bubba on her way to some tony D.C. get-together.

“IT’S COMPLICATED,” SAYS PARKER of her disciplinarian upbringing. We’re in a Georgetown coffee shop, and she periodically glances into her purse, containing as it does a recently adopted, 5-pound blind poodle named Ollie. “My mother died when I was 3. Second mother, married when I was 5, divorced when I was 12. Third mother was just my 10th grade. I knew that one wasn’t going to work. The other two came after I left home. I was gone at 17. I skedaddled.” She calls herself the daughter of a Yankee pilot and a Southern belle, by which she means that her father was stationed at a U.S. Air Force Base in South Carolina when he met her mother, a local girl. “These guys fly in, they’re gorgeous, they’re the crème de la crème, and they’re *Yankees*, so they know stuff that these girls have *never* seen before. And they just swept those girls off their feet.”

In Parker’s telling, her mothers were interchangeable, passing through her family’s Florida home much like the camera-toting excursionists in nearby Orlando. She speaks of them often in the plural—mothers—a nebulous mass of female adults somehow attached to her father, whom she describes with reverence and in sharp particulars. Every night during her high

TOM KOCHER

school years, she and her father convened in the kitchen, he cooking and she stationed before a mound of potatoes. Her father lectured. She listened and peeled. "I was not encouraged to express myself," she recalls. "I didn't start expressing opinions around the house until—well, I never did. I tried it once; I think it was when McGovern was running for president. My father stopped speaking to me for a year and a half."

Parker earned her reporting stripes at Charleston's *Evening Post* and *The Florida Times-Union*, where she reported from Palatka, "the bass capital of the world." She profiled the local anti-porn activist and a guitar-playing preacher. ("That's where I became Bubba-tolerant," she says.) Eventually she worked her way up to the features section of the *Orlando Sentinel*, where editor Saundra Keyes gave Parker her first column.

In understanding the trajectory of Parker's career, it is perhaps helpful to remember that even in 2009, the ratio of men to women on opinion pages heavily favors the former. According to the 2007 Media Matters report, only 29 of the 100 most-widely syndicated newspaper columnists are women. When Parker was offered her column in 1987, the editors told her it would be called "Women." They wanted, they said, an "Anna Quindlen-type" column.

Parker's column was not, in fact, Anna Quindlen-like. It was much weirder than that. There was the Oct. 9, 1988, col-

umn in which she went for a walk, was accosted by a beggar, gave the beggar \$5, and concluded that \$5 was not much to pay for a nice walk. There was the March 29, 1991, column completely devoted to women's relationship to their hair. ("I also ran into the back of a man's car while stopped at a traffic light. This happened because I hated my hair.") There was the June 25, 1989, piece, prompted by a six-page pictorial history of the bra appearing in *Life* magazine, in which she set forth a parallel history of the jock strap. There was a June 12, 1992, column on sexist readings of scientific processes, which began, "Once upon a time, there was a sweet, helpless little egg named Ovie who lived in a dark dungeon waiting patiently to be saved by a fearless prince."

Nor was Parker, for all her worrying over gender confusion, going to be a downer; she is that rare cultural declinist with a sense of humor. "How does the ultimate '80s wife become a credible '90s woman?" she asked in a 1992 column. "If the '80s were characterized by shameless acquisition and self-indulgence—'Watch Me Eat Caviar'—the '90s are characterized by voyeuristic consumption of others' shame and self-indulgence. 'Let Me Watch You Dribble Caviar All Over Your New Plastic Breasts.' Ewwwww, that's disgusting. Do it again. Yum-Yum." This analysis doesn't make much more sense in context, but it was almost certainly the most interesting thing in the *Orlando Sentinel* that day, and it is

Kathleen Parker's Palin-panning article was the kick-off for the Southern columnist's coming-out party.

Twilight of the Op-Ed Columnist

What is the fate of the syndicated newspaper columnist in a world where online punditry is plentiful?

BY PAUL WALDMAN

The influential French sociologist Gabriel Tarde wrote in 1898 that newspapers "both enriched and leveled ... the conversations of individuals, even those who do not read papers but who, talking to those who do, are forced to follow the groove of their borrowed thoughts. One pen suffices to set off a thousand tongues."

This is what the most influential op-ed columnists are able to do. Yet in the age of the Internet, we don't need to

turn to the back of our paper's A-section to get some perspective on the news of the day (if we're still getting the paper, that is). With the proliferation of news sites and blogs, anyone can access the opinions of millions of commentators, some of whom are as good or better at explaining, edifying, entertaining, and persuading than the lions of the op-ed page.

So does the op-ed columnist have a future?

Not if the newspaper

doesn't, and the industry is in what could charitably be called a period of transition. According to the Newspaper Association of America, print revenues at papers have plummeted, falling 17.7 percent in 2008 from the year before (classified-ad revenue declined 29.7 percent, thanks in part to Craigslist). Total paid daily circulation has declined every year since 1987, and last year it fell below 50 million for the first time since 1945, when the population was less than half of what it is today. And the remaining print audience is graying: A survey last year from the Pew Research Center found that while 52 percent of respondents over the age of 62 said

they had read the paper the day before, only 16 percent of those under 31 said the same.

No one knows what the newspaper industry will look like in 10 or 20 years, but a few things seem clear. The days of 20 percent or 30 percent profit margins are over. More papers will end their print editions and become online-only, as the *Seattle Post-Intelligencer* did this year, and every newspaper will shift attention and resources to the Web. "If I had to bet money, says Rick Newcombe, the president of Creators Syndicate, home to such prominent columnists as Pat Buchanan and Mark Shields, "I'd say the Internet will play out the way television is today" with (continued next page)

not the work of a self-serious or particularly moralizing mind.

Parker's earliest columns were knocked out in a converted garage adjacent to her South Carolina home, where she could keep an eye on her young son. As he grew older, her column topics sprawled from the confines of the household into the world at large—politics, personalities, world events. And despite her current reputation as a conservative, it has always been pretty hard to predict where she will go. "I personally do not pass judgment on a woman who has made the painful decision to have an abortion. I figure that's her business," Parker wrote in a Sept. 6, 1991, column blasting the parents of young children involved in a graphic Operation Rescue protest. "While some people arguably should not have abortions," she concluded "it is abundantly clear that some people should not have children."

During the 1991 confirmation hearings for Clarence Thomas, she wrote several columns highlighting what she considered to be the very real problem of sexual harassment. A Jan. 8, 1993, column defended Hillary Clinton against the criticism of men who feel threatened by female intelligence. An Aug. 3, 1997, column was devoted to making fun of Concerned Women for America, a right-wing women's organization then engaged in a moral crusade against Disney cartoons, in particular *The Little Mermaid*, under attack for inappropriate dress on an animated sea creature. She likes Supreme Court Justice Sonia Sotomayor, the Republican opposition to whom she paraphrased as: "Are you the bitch everyone says you are?"

One would be hard-pressed under these circumstances to label Parker a loyal Republican. Indeed, she maintains that she

is not and has never registered as such. It was in 1995, when Parker's column was picked up for syndication, that she became a designated voice of the right. "The way the market is set up," Parker says, "there has to be a left, there has to be a right, there has to be a conservative, there has to be a liberal, there has to be a man, a woman, a black, an Asian. Blah blah blah blah."

This political packaging came as a surprise to some. About six years ago, Keyes, Parker's former editor, was managing editor of a paper in Hawaii and searching for a right-leaning columnist to round off the op-ed page. "I called a friend of mine who's an editorial-page editor and said, 'I'm looking for a good conservative columnist,'" Keyes says. "And this person said, 'Oh, Kathleen Parker!' I said, 'What?' I thought, 'Oh, that must be another Kathleen Parker.'"

But Parker's focus on traditional gender roles and impatience with political correctness were enough to sell her as a conservative in a market where a right-leaning woman was an appropriately diversifying oddity. (Which is not to say being

a woman was an advantage. "When my syndicate tried to sell me," Parker recalls, "they often heard: 'We don't need Parker, we have [Ellen] Goodman.' Meaning, we already have a woman.")

And it was as a nominal conservative, not as a Palin-bashing would-be liberal, that *The Washington Post*



(continued from previous page) three tiers of news content: some free and supported by ads, some available by subscription, and some available on a pay-per-view basis. This presents a problem for both the syndicates and the columnists whose words they sell to papers, because it's hard to get a paper to pay much for a column that runs only on its Web site. And as *The New York Times* found out when it made its columnists available online to subscribers only, there are only so many people willing to pay a monthly fee to read Maureen Dowd's *bon mots*.

Not that newspapers pay all that much for syndicated columns as it is. The syndicates use a sliding scale based on

circulation, so a small newspaper may pay as little as \$5 a week to run a column; a large paper might pay as much as \$100, with the rest in between. The typical syndication contract stipulates that all fees will be split 50-50 between the columnist and the syndicate. The result is that a columnist could see his or her columns run in dozens of papers around the country and only net a few thousand dollars a year. "I would be shocked if there were more than 10 or 20" columnists who could make a living just from their column, says Dave Astor, a columnist for *The Montclair Times* in New Jersey who covered the syndicate industry for many years at *Editor & Publisher*, the trade publication

of the newspaper industry.

In 2007, when I was at the progressive media watchdog organization Media Matters for America, we surveyed every daily newspaper in America and asked which syndicated columnists they ran (96 percent responded, so our survey was as close to complete as it could be). While the study identified 201 columnists who appeared in three or more papers and in more than one state, the overall market was extremely concentrated at the top. Using the combined circulation reached by each columnist, the 10 most widely read accounted for more than

35 percent of the total market, and the top 18 columnists reached as many readers as the other 183.

While there may be lots of people who can call themselves "syndicated columnists," in other words, the top two dozen or so are the ones who dominate. Their competition could be reduced further by the cuts happening within individual newspapers. When I asked David Sirota, whose syndicated column runs in a few large papers like the *San Francisco Chronicle*, *Denver Post*, and *Seattle Times*, and a few dozen smaller papers scattered around the country, to predict the future of the op-ed column, he said, "The first thing you'll see is

hired her—just weeks before she wrote the column advising the vice-presidential nominee to step down.

THIS IS KATHLEEN PARKER'S MOMENT. According to *The Washington Post's* Alan Shearer, an average columnist might break into 15 new papers a year. In September alone, while the business of news gathering was supposedly imploding, 58 papers added Parker's column to their pages. At the *Post*, the op-ed page's most recent addition also generates "as much or more" reader mail as anyone there. "I got one this morning that said, 'You bloody c---. You bitch,'" Parker says blithely, drawing a strip of chicken from her salad and feeding it into her purse. "He's an appraiser in Texas. He signed his name. I don't know what column he was upset about."

The list of media professionals who have profited by replacing one ideology with another is well known in Washington. In Parker's case, however, it's not clear that she ever adhered to the ideology she is charged with abandoning. Nor is her hatred of oogedy-boogedyism sign of a new, Bubba-bashing, cocktail party-attending Kathleen Parker. She did not grow up in a religious household ("occasionally, when we drank too much, we would become religious"), and she has long evinced a distaste for the excesses of would-be moralists. "It's interesting that the GOP," she wrote in 1995, "once champion of the founding principle separating church and state, now should be inch-

ing toward an implicit governmental religion that suggests not only intolerance but also an un-American exclusivity."

Parker has placed herself, in other words, in the role of anti-ideologue, a rhetorical platform that manifests itself not in the deferential moderation of fellow columnist David Broder but in a sarcastic, somewhat incoherent iconoclasm. There are the ideologues who think you should get upset when the Transportation Security Administration singles you out

for a strip search and the ideologues who think you should be jailed for terminating a pregnancy. There are the smut-peddling Hollywood directors, and there are the moralizing popes. This kind of dogmatic anti-dogmatism fans out into distrust of any and all "experts," a word Parker has trouble saying without a sneer, as in "alleged parenting experts" or "the usual array of crisis experts." Parker is also fond of the locution, "I'm not an expert, but,"

the implication being that university-obtained erudition is no substitute for rock-ribbed American judgment.

This concern with the influence of social reformers manifests itself most deeply in *Save the Males*, wherein we enter a dark world of experts (and girls) gone wild. "Sex equity experts," as it were, are trying to make boys more like girls. Experts from the American Association of University Women are coaxing schools into ignoring boys. Meanwhile, it seems, we've all lost our sense of common decency, which is why "pole-dancing

An average columnist might break into 15 new papers a year. In September alone, 58 papers added Parker to their pages.

the death of the local national column," by which he meant a column about national issues, written by a local columnist employed by the paper in your hand. In a struggling industry, the economics of keeping that person on staff are just too difficult, when readers can be offered the same thing from a syndicated column that may cost the newspaper just a few hundred dollars a year.

These columnists are already starting to be laid off, but that doesn't mean that those who focus on local issues are safe from the brutal cuts happening in newsrooms all over the country. As Astor notes, "In some cases, even those who are doing everything their papers say they want

them to do," like focusing on local issues and contributing to the papers' Web sites, are still getting the ax.

IT'S POSSIBLE THAT the decline of newspapers will mean the decline of the superstar columnist, but it may be more likely that the opposite will happen. Despite the near-infinite amount of opinion available on the Internet, newspaper columnists belong to an exclusive club that could become even more exclusive.

That's because what makes a columnist important is authority, the perception among readers that the person who penned this missive is someone whose opinions are worth listening to. That

authority can be created in a number of ways—a history of erudition and wisdom, say, or winning a Nobel Prize in economics. It can also be a matter of style—Fred Barnes famously said on television, when asked if he could speak "with authority" on an obscure topic, "I can speak to almost anything with a lot of authority."

For the newspaper columnist, the largest part of that authority comes from the simple fact that your words are printed on the pages of an important publication. "There is something unique about the power of print" in creating prestige, says Rick Newcombe of Creators, who admits this even as he tries desperately to help newspapers "monetize"

the Internet. Tiny dots of ink on paper still seem more important and weighty than tiny pixels on a screen. As newspapers dwindle and the Web expands, space on the printed page becomes even more precious and rare—imbuing the people whose words occupy it with all the more prestige.

That doesn't mean that op-ed columnists in the future will ignore the Internet the way the older generation of columnists does today. (You haven't read David Broder's blog, because he doesn't have one. Not that you'd want to read it if he did.) As Sirota argues (and Newcombe seconds), when Broder's generation of columnists retires, editors will begin asking (continued next page)

moms" are everywhere, "faking intimacy with an inanimate pillar that never goes limp," their "prostitots decked in baby hookerwear" not far behind. This is a world in which "being a slut isn't just fashionable ... it's practically mandatory," and the "sexual aggressiveness of young women," terrifying as it is, may be responsible for a "rising incidence of impotence among young males." Such is our gender confusion that "metrosexuals [are] everywhere," "babies now can be custom-ordered without the muss and fuss of human intimacy," and "in France, men already are fantasizing about the day they can give birth."

To those of us who wake up every day in an America that is not some cross between a Ron Jeremy film, *Queer Eye for the Straight Guy*, and a freshman women's studies seminar, this characterization of American culture will seem terrifically odd. It is partly because of such characterizations that Parker has been labeled a reactionary.

The world Parker actually wants is not a world in which women make babies and men chop wood. It is merely a world in which one can walk down an average city street and not be confronted by a 4-year-old in a "Future Porn Star" T-shirt, a world in which most women do not own stripper poles, a world in which most people do not know that sex-equity experts even exist. It's a world in which most people don't say "vagina" in polite conversation, vice presidents are expected to know something about the country that elected them, abortion is stigmatized but not

illegal, and racial profiling is permitted but not celebrated.

It is, in other words, precisely the world in which we actually live. For all her railing against our decadent times, Parker is a stalwart defender of the status quo, committed to the arbitrary prejudices of our age—recall her problem with men in jewelry—and skeptical of anyone whose ideology might challenge our present state of affairs. She is literally a conservative, which means she is nothing of a Republican. And it is only by pretending that we are much, much further along the road to perdition than we actually are that Parker can look longingly back to some lost age of decency.

"The great thing about having five mothers," she told me, "was that with each one you get a new religion and new décor. Women take everything. When you get a divorce? They take the switch plates. So we lived in an empty house the last three years in high school. We literally had no furniture."

Parker writes for those who want to keep the furniture in place, the house unstripped. Week after week, she bolts the living-room set to the floor. And at a time when the low rumble of a moving truck suggests not hope of change but fear of loss, she is more popular than ever. **TAP**

Parker is a true conservative, skeptical of anyone whose ideology might challenge our present state of affairs.

Kerry Howley is an arts fellow at the University of Iowa's literary nonfiction writing program and a contributing editor at Reason magazine.

(continued from previous page) a different set of questions about the columnists with whom they choose to replace them. Does this writer have a large online following? Will she drive traffic to my Web site? "The newspaper industry can no longer rely on the newspaper alone to get readers," Sirota says.

Nonetheless, it is still true that maximal authority—and influence—is created by a combination of print and television. Consider this: Do you know who Leonard Pitts Jr. is? If you live in D.C. or New York, you probably don't. Yet Pitts, a Pulitzer Prize winner for commentary, is the second most widely syndicated progressive columnist in America

(after Ellen Goodman). If you don't know him, it's because his column, which originates with *The Miami Herald*, doesn't run in the major D.C. or New York papers, and he almost never appears on television. And while bloggers are now showing up on cable chat shows, the most important seats on the primetime and Sunday shows (along with other high-profile venues like National Public Radio's *All Things Considered*) are largely reserved for the top-tier newspaper columnists, particularly those published in *The New York Times* and *The Washington Post*. The prestige of the papers that publish their columns gets them those gigs, which further

enhance their prestige.

So it wasn't surprising that when *National Journal* published a survey in September of 375 "political insiders," asking which commentators "most help to shape their own opinions or worldview," the first seven places were taken by columnists for the *Times* and the *Post*. The top spot was held by Thomas Friedman, perhaps a testament to the D.C. establishment's fascination with all-encompassing yet oversimplified metaphors (or the wisdom of Bangalore cab drivers). Just as interesting were those who didn't make the cut: Goodman, the most widely read progressive columnist in the country, was not mentioned by a single "insider," nor

was Pitts. Cal Thomas, despite his presence in hundreds of papers, was mentioned by only one of the 375.

But as long as there exists a thing called a "newspaper"—even if many of the 1,400 daily papers currently operating in the United States go out of business—people will continue to believe that the opinions of those whose words rub off on our fingers are somehow a little more valid and important than opinions we find only on the Web. **TAP**

Paul Waldman is a Prospect senior correspondent and the author of Being Right is Not Enough: What Progressives Must Learn From Conservative Success.

THE AMERICAN
PROSPECT

INEQUALITY GOES TO COLLEGE

*The Widening Gaps
in Who Attends and
Who Graduates*

SPECIAL REPORT
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Our Two-Class System

The recession has worsened already widening inequalities of access and affordability in higher education. Could it also trigger a new grand bargain?

BY DAVID L. KIRP

The recession has been a double whammy for universities and parents, leaving colleges more dependent on tuition revenue while making it harder for families to pay the tab. Parents have lost their jobs, plummeting stock prices have decimated their college savings, and the home-equity loans that families used to rely on to finance their children's education have dried up. All of these forces have widened the gap between the haves and have-nots, and universities' own survival tactics have exacerbated the problem.

One notable factor is the rankings race, which distorts student-aid policies and advantages already advantaged students. In the 2010 *U.S. News & World Report* college rankings, Harvard tied for the top spot with its perennial rival Princeton. Its generous financial-aid packages, according to the magazine, "bolstered [its] sterling academic reputation." Since 1983, this otherwise little-read magazine has increasingly become the de facto arbiter of excellence in higher education. In the ferocious competition for status, the losers are poor students, and the recession has only made matters worse.

Rather than relying on the old norm of financial need in awarding aid, colleges eyeing the rankings increasingly award "merit" scholarships, which are based on grades and SAT scores. A new breed of "enrollment managers" base the size of financial-aid packages on the minimum amount that's needed to win over the waverers. Using sophisticated econometric tools, universities can construct an algorithm that maximizes the grades and test scores of entering students, thus looking good to *U.S. News*, while minimizing the amount of financial aid required to enroll them. Though the practice can be

defended as generating revenue used to improve the college's academic program, the effect is to favor middle-class and less needy applicants. State-funded programs like Georgia's widely emulated HOPE scholarships, for students who do well in

high school, have disproportionately benefited middle-class families. Add the preferences given to "legacies" and the scions of prospective donors and celebrities, and the penalty for being poor gets bigger.

A handful of universities such as Harvard have a big enough endowment—in Harvard's case, the current endowment is bigger than the gross domestic product of Jamaica—to largely underwrite their operating expenses. Because the typical private

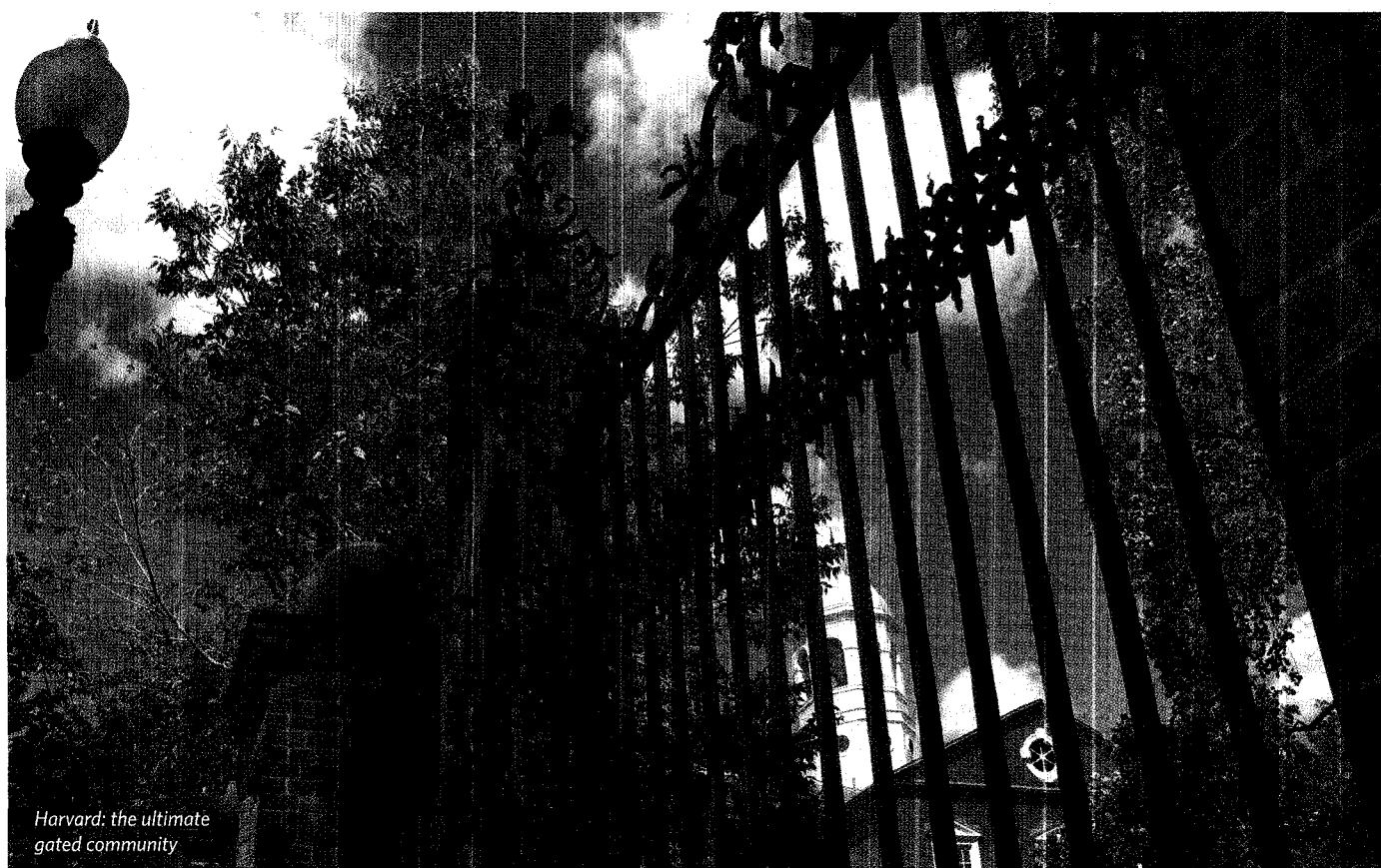
college has an endowment of less than 1.5 percent of Harvard's, tuition is the main revenue source. Steady tuition increases have made private colleges an ever-greater stretch for middle-class families and put them out of reach for many poor families. As Terry Hartle, the senior vice president of the American Council of Education, says, "Smart poor kids go to college at the same rate as stupid rich kids."

The waste, whether comprehended as stunted futures or human capital, is palpable. Each year about 10,000 high achievers from poor families, students with at least a B-plus average and an Advanced Placement score of four or five in one or more subjects, don't apply to any selective college. Just 29 percent of children from the poorest 25 percent of families who score in the top quartile of eighth-grade math earn a bachelor's degree; for the wealthiest 25 percent of students, the completion rate is more than double.

At private colleges the average student pays about a third less than the sticker price, and some even get a free ride, with the difference subsidized by those who can afford to pay full freight. But even as the recession has made colleges more dependent on tuition revenue, applicants and enrolled students whose families have hit the economic skids are asking for more aid. Washington & Lee University processed about 50 aid appeals this year, more than three times the usual number. New York University, whose tuition is among the nation's highest, began to counsel newly admitted students about whether the school was the right financial fit for them. Poor students don't need such counseling. According to the College Board, 29 percent of students whose families earn less than \$40,000 a year said their 2009 college plans had changed because of the recession, compared with 16 percent from middle-class homes. Sticker shock kept many of them from applying to high-tuition schools despite the possibility of financial aid.

In short, the recession is widening the inequality gap among private institutions, and widening the access gap as well. The rich do get richer—in 2009 almost all the top-ranked universities had more applicants than ever before. Meanwhile, admissions officers at second-tier schools suffered through sleepless nights. Fearful that students would migrate to cheaper public institutions, they were forced to cut tuition and dipped deeper into the applicant pool. Davis & Elkins, a private college, slashed its tuition by \$15,000 for high-performing students from neighboring counties to match the University of West Virginia's tuition costs. The University of the Pacific had to admit twice as many students to secure the same size class as

PUBLISHER George W. Slowik Jr.
SPECIAL REPORT EDITOR Robert Kuttner
DIRECTOR OF EXTERNAL RELATIONS
Dorian Friedman, (202) 776-0730 x111
SUBSCRIPTION CUSTOMER SERVICE
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Harvard: the ultimate gated community

the year before. At Hofstra University, which had entertained hopes of moving up the rankings, the number of acceptances dropped precipitously. Worse off still are the 105 historically black colleges and universities, which enroll great numbers of low-income minority students.

Given the competition to survive, the practice of gaming the rankings is only worsening. A higher *U.S. News* ranking attracts better faculty and abler students as well as bigger alumni contributions, all of which make it easier to move still further up the ladder. That's why schools rely on ethically dubious maneuvers to game the system—not reporting the typically low SAT scores for international students or athletes, since SAT scores count heavily in the rankings; undercounting alumni, to make the rate of giving look more impressive; encouraging “no hope” applicants to apply and denying admission to top applicants whom they deem unlikely to enroll—in order to improve the appearance of selectivity. This year, in *U.S. News*' confidential survey of university presidents, University of Florida President Bernie Machen was caught rating his institution (No. 47 in *U.S. News*) as equal to the Ivies, thus boosting its reputational score. Baylor University in Texas offered bonuses to newly admitted students who retook the SATs, on the theory that their test scores, and consequently the university's No. 80 ranking, would improve.

Admitting sizeable numbers of students via early decision improves an institution's “yield,” another factor that the college rankings incorporate, and economists have calculated that applying early gives candidates the equivalent of a boost of 100 SAT points. But because poor students can't afford the

take-it-or-leave-it financial-aid award that comes with early admission, the practice also favors the well-to-do.

AMONG THE *U.S. NEWS* TOP 20, not a single one is a public university. That reflects the most significant recession-fueled crisis in higher education—the speed-up of disinvestment in state universities. Federal stimulus dollars covered some of the state budget cuts, and administrators are bracing for even worse news next year.

Between 1980 and 2000, the share of universities' operating expenses paid for by state tax dollars fell by 30 percent, and the share of state revenue given to higher education dropped by one-third, from 9.8 percent to 6.9 percent (see Michael Hout, page A8). The most visible casualties of the recession have been public universities with aspirations to become, as Arizona State University boasted, the “New American University.” There, the plan envisioned enrolling 100,000 students by 2020, breaking down disciplinary boundaries, creating a world-class research enterprise, and expanding access to poor students.

To boost its profile, the university has treated National Merit Scholars like football stars, offering them four-year \$90,000 scholarships at a school with a tuition of \$6,000 per year and enrolled more of them than did Yale or Stanford. But with Arizona hit especially hard by the economic downturn, the emphasis now is on boosting the number of out-of-state students (who pay triple the in-state tuition) to 40 percent, not providing more opportunities for poor students. *The New York Times* reported last March that 48 programs had been closed, enrollment capped,

and faculty and staff furloughed. "The New American University has died; welcome to the Neutered American University," wrote the editors of ASU's student paper, the *State Press*.

Similar doses of pain have been inflicted on flagship universities in Florida, Tennessee, Nevada, and Vermont, as well as 100 miles away at the University of Arizona. "The further you go down the hierarchy of prestige, the worse the effects," writes Columbia University scholar Andrew Delbanco in *The New York Review of Books*. At teaching-oriented state schools the already-crushing teaching load has increased, fewer courses are offered, and classes are more crowded. Under those circumstances, getting a degree in four years has become almost impossible.

Some state universities have emulated private schools by raising tuition and admitting more out-of-state students. But the recession has cut into the out-of-state market, with students opting to attend cheaper schools in their home states. The universities of Michigan and Virginia have discussed severing their ties with the state and going private, relying on their endowment income and charging in-state students the market rate. That strategy burdens poor students, already scarce on the ground in Ann Arbor and Charlottesville. And it won't work for most public universities, which can't make up the loss of state support with tuition or endowment income.

"The extraordinary compact between state governments and their flagship universities" has been consigned to the junkyard of history, observes Mark Yudof. As the president of the University of California who earlier ran the university systems in Texas and Minnesota, he has as clear-eyed a perspective on higher education as anyone. Fifty years ago, the Golden State linked two world class universities, Berkeley and UCLA, with a scattering of teachers' colleges and agricultural schools, building a system of public higher education that has been a world model ever since. The state's Master Plan guarantees community college for every high school graduate; solid undergraduate teaching for the top 33 percent; and, for the brightest young Californians, an education at internationally renowned universities, including seven of the top 50 research institutions in the widely cited Jiao Tong Shanghai University 2008 world rankings. These universities have also been at the forefront of expanding access to low-income students—there are more recipients of federal Pell grants (awarded to students whose families earn less than \$45,000 a year) at Berkeley than at the Ivy League campuses combined.

That's one reason why Berkeley ranks first in *Washington Monthly's* 2009 university rankings, which emphasize social mobility, research, and service, and six of the UC campuses rank in the top 25. Harvard and Princeton, tied for top billing in the *U.S. News* horse race, weigh in at No. 11 and No. 28 respectively. As the editors note, "UC campuses enroll unusually large numbers of low-income students while maintaining high graduation rates, generating billions of dollars in research funding, and sending a healthy num-

ber of students into service programs like the Peace Corps."

Now this much-lauded system is on the verge of imploding, a casualty of shifting public priorities. In the past 30 years, as California's population grew by more than 50 percent, the state has built just one new university campus but 22 prisons. Since 1990, state support for each UC student has been reduced by 40 percent. The 2008–2009 budget was cut by \$813 million, with bigger losses anticipated next year. Consequently, community colleges and universities have had to limit enrollment, turning away thousands of students for lack of space and marking an end to the promise of universal access. The City College of San Francisco found itself peddling naming rights to courses, at \$6,000 apiece, to keep them from being eliminated. Across the University of California system, professors are being lured away by offers from universities that smell blood in the water.

TO BORROW FROM BEN FRANKLIN'S book of aphorisms, public and private universities need to hang together or they'll hang separately. With states unable or unwilling to support higher education, universities will require an infusion of federal dollars. What's called for is a grand bargain—more money from Washington, linked to a commitment to promote greater

accountability. One must be careful about such bargains, of course; the wrong kind can end up looking like No Child Left Behind. However, these institutions could strengthen their case for additional public support by calling for a cease-fire for the worst aspects of the status wars. Even as Silicon Valley firms support "pre-competitive" research that all of them can use, universities could do something similar—not using lighter teaching loads as an inducement for professors, for

instance, maintaining need as the primary basis for awarding scholarships, and opting out of the *U.S. News* gaming.

The ultimate question is this: Can the public be persuaded that universities represent something as ineffable as the common good—that higher education contributes to the development of knowledgeable and responsible citizens, encourages social cohesion, promotes and spreads knowledge, increases social mobility, and stimulates the economy? Can the argument convincingly be made that universities offer something of such great value that they are worth subsidizing, even in the teeth of bottom-line pressures?

A few years back, the *Economist* gushed that the United States "has almost a monopoly on the world's best universities ... [and] also provides access ... for the bulk of those who deserve it." Are we serious about getting back into the brains business? **TAP**

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David L. Kirp is a professor at the Goldman School of Public Policy at the University of California, Berkeley, and the author of *Shakespeare, Einstein, and the Bottom Line: The Marketing of Higher Education*. He has been "furloughed" to the tune of an 8 percent salary cut.

The most significant crisis in higher education is the speed-up of state disinvestment in universities.

The Graduation Gap

America needs to do a much better job of increasing its college enrollment and graduation rates, especially for less advantaged students.

BY CHRISTOPHER JENCKS

American higher education, once the envy of the world, is losing its competitive edge. Most of the world's top universities are still located in the United States, but our other great accomplishment, making higher education available to an ever-larger fraction of young people, has succumbed to our hatred of taxes. According to the Organisation for Economic Co-operation and Development, young people in Australia, Britain, France, Ireland, Italy, Japan, Korea, the Netherlands, Spain, and Scandinavia, where students and families do not bear such a large share of college costs, are now all more likely to earn a bachelor's degree than are young people in the United States. That is not because American employers no longer want more college graduates. The pay premium for workers with a bachelor's has doubled since the mid-1970s and is now greater than the gap in almost any other rich nation. This trend has been one factor (among many) in the rise of economic inequality. Richard Rothstein discusses the many other steps that would be needed to reverse that rise on pages A23–A24.

What has gone wrong? The problem has three parts. First, the college graduation rate has traditionally grown in tandem with the high school graduation rate—which hasn't risen since the early 1970s. In addition, while the proportion of high school graduates entering college has risen, the proportion of college entrants earning a four-year degree has fallen. Meanwhile, college costs have soared, and financial aid has not kept up.

Official statistics underestimate America's high school dropout problem. The Census Bureau, for example, reports that 88 percent of those aged 25 to 29 in 2008 had completed high school, compared to only 75 percent in 1970. These estimates are inflated for two reasons. First, the Census Bureau does not distinguish between those who earn a traditional high school diploma and those who drop out but subsequently pass their state's general educational development exam. Unfortunately, GEDs are not equivalent to regular high school diplomas. Employers pay GED holders less than workers with traditional diplomas, and young people who earn GEDs hardly ever go on to finish college. Second, the Census Bureau's estimates come from a survey that does not interview people in jails or prisons and misses a lot of young people with no fixed address. Both of these groups include a lot of dropouts. If we estimate the high school graduation rate by comparing the number of diplomas that high schools award each year to the number of 17- or 18-year-olds in the same year, the graduation rate was about 75 percent in both 1974 and 2005. Elsewhere

in the rich world, secondary school completion rose steadily during this period and now significantly exceeds ours.

For those who enter college, the best predictors of graduation are high school grades and scores on standardized tests. This is no surprise. High school grades predict college grades, and college grades are a major determinant of whether students remain enrolled. Test scores also predict college grades as well as how easy or difficult students find college-level work. In a competitive culture such as ours, many young people respond to poor relative performance by deciding not to compete. For students who have trouble with academic work, that can mean enlisting in the armed forces, having a baby, starting a rock band, dealing drugs, or just taking a low-skilled job. Even if the best alternative is waiting on tables or feeding paper into a copying machine, such work often feels less demoralizing than collecting C's on boring school assignments.

Absolute performance also matters for staying in college, because the material is only interesting to those with a certain level of competence. Although international testing programs show that American 9-year-olds do better in reading and math than their counterparts in most other countries, 16- and 17-year-olds do not. The drop in America's relative standing as students get older suggests that there is something seriously wrong with American secondary schools, American adolescent culture, or both. The modest academic skills of American high school graduates help explain why they are less likely to earn a bachelor's degree.

THE FEDERAL GOVERNMENT and some state governments responded to the poor academic preparation of many would-be college students by launching a campaign to raise reading and math scores that culminated in the No Child Left Behind legislation of 2001. Strangely, however, NCLB focuses on raising scores in the first eight years of school, where the United States performs comparatively well, rather than improving high schools, where American students lag behind those in other rich countries.

NCLB requires American public schools to make "adequate yearly progress" toward ensuring that all fourth- and eighth-graders meet their state's "proficiency" standards by 2014. Many states decided to narrow the gap by setting their proficiency standards so low that most schools would be able to meet them without waiting for some pedagogic equivalent to antibiotics. Manyee Wong, Thomas Cook, and Peter Steiner at Northwestern University report, for example, that the federal

government's National Assessment of Educational Progress (NAEP) rated only 35 percent of Maine's fourth- and eighth-graders "proficient" in reading and math before NCLB went into effect, and that the figure was similar in North Carolina. But when Maine and North Carolina devised their own tests to assess students, they defined "proficiency" in radically different ways. In Maine, the percentage of students rated proficient on the state test was very close to the NAEP figure. In North Carolina the bar was set so low that 87 percent of all students were rated proficient. As a result, NCLB led to a lot of pressure for higher scores in Maine but very little pressure in North Carolina.

Wong and her collaborators show that after NCLB was implemented, scores on NAEP's math tests improved more in states like Maine that set high proficiency standards than in states like North Carolina that set low proficiency standards. Overall, they conclude that NCLB raised math scores by about half a grade level but did not have a significant effect on reading. These findings, which are the best currently available, suggest that while pressuring elementary and middle schools to raise math scores probably "works," the gains are small. Gains of this size, especially if limited to math, are unlikely to have much impact on college graduation rates.

Although test scores are clearly important and students' relative performance is fairly easy to improve in the short run, such gains seldom persist over time. One alternative might be to put more emphasis on improving low-scoring students' non-academic skills and character traits. American schools used to emphasize instilling traits like persistence, self-control, and self-knowledge as well as developing students' ability to work with one another. American employers often say that for many jobs such attributes are still more important than reading or math skills. Some of these traits may also be easier to change than academic skills.

A recent Swedish study illustrates the importance of such traits. Until recently all Swedish men were subject to conscription. To assess potential recruits' suitability for service, the Swedish armed forces gave each a cognitive test similar to the American military's Armed Forces Qualification Test. In addition, a psychologist conducted a 25-minute interview with each and rated his fitness for military service on a scale running from one to nine. These ratings correlated only moderately with recruits' test scores. Economists Erik Lindqvist and Roine Vestman report that the psychological evaluations predict Swedish men's future earnings considerably better than their test scores do. This was particularly true for men in the bottom half of the test-score distribution, where variation in test performance had little predictive power. Although no one has replicated this study in the United States, many American employers clearly think they can predict a job applicant's performance better by conducting a brief interview

than by giving applicants a reading or math test. If they are right—and perhaps even if they are not—schools should be taking the development of non-academic virtues and skills a lot more seriously than they have in the recent past.

THE OTHER MAJOR DETERMINANT of whether students earn a four-year degree is what they must do to pay for the experience. That depends on how much their college costs, how much their parents can contribute, how much financial aid they can get, and how much they have to borrow. As Michael Hout reports on pages A8–A10 of this report, state legislatures have curtailed support for public higher education over the past generation, so public colleges have tried to keep pace with rising costs by raising tuition. The average inflation-adjusted cost of tuition, room, and board at a public four-year college rose 67 percent between 1987 and 2008. The median income of parents with children under 18 rose only 10 percent during this period. Washington could have made up the difference by expanding its Pell grant program, but Congress decided to let Pell grants lag behind inflation. As a result, prospective college students from families of limited means had to borrow more and more if they wanted to earn a four-year degree.

Many members of Congress opposed raising the value of Pell grants because they believed (with reason) that making Pell grants more generous would encourage further reductions in state spending on higher education and further increases in tuition. Many legislators also felt that since the economic value of a four-year degree was rising, college students should be expected to repay some of their college costs by taking out loans instead of being offered grants.

The idea that college graduates should repay some of what society has spent on them has obvious appeal, but such a policy needs to take account of the fact that college is a risky investment, especially for students from less affluent families.

A recent paper by Ron Haskins, Harry Holzer, and Robert Lerman for the Pew Charitable Trusts suggests that college graduates whose parents had incomes above the 80th percentile were unlikely to end up in the bottom 40 percent of the distribution when they grew up—only one in nine was that poor. But college graduates raised in families with incomes below the 40th percentile were quite likely to remain there. One in three was still below the 40th percentile as an adult.

Forty percent of all American households had incomes below \$40,000 in 2008. Four years of tuition, room, and board at a public four-year college cost an average of \$57,000. If a college graduate has borrowed \$57,000 to attend college and has an annual family income of \$40,000 or less, repaying the loan is likely to be difficult, especially once the graduate has children. For such students, the hope that a bachelor's degree would serve as a ticket into the middle class will turn out to

The accomplishment of making college available to an ever-larger fraction of young people has succumbed to our hatred of taxes.



have been illusory. Worse yet, while most students who borrow money to attend college plan to get a bachelor's, half the college entrants who come from less affluent families drop out before graduating. For dropouts, income is usually lower and repaying loans, tougher.

Implicitly recognizing these risks, many students whose parents cannot or will not help pay for college reject going heavily into debt for a diploma of uncertain value. Instead, they decide to find a job, hoping to save some money before going to college. But the jobs available to recent high school graduates seldom pay much, so saving is nearly impossible. Students who take such jobs also tend to acquire partners and children. Once a child arrives, neither saving nor borrowing enough to attend college is usually feasible.

TWO POLICIES SEEM TO FOLLOW. First, if we want students to attend college, we need to get them there as soon as possible, before they start families or start to feel that taking classes and exams is infantilizing. Second, if we are to encourage less affluent students to enroll and persist, we need to make college less of a financial ordeal.

A less satisfactory solution is to rely on two-year community colleges to educate less affluent students who are reluctant to borrow. Most Americans now live within commuting distance of a community college, so most high school graduates

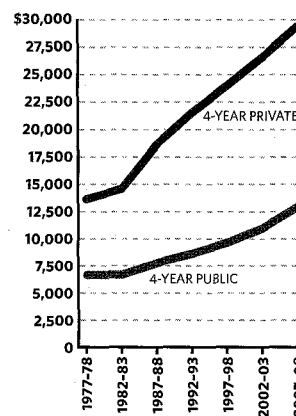
can attend such a college while continuing to live with their parents. Community colleges also have lower tuition than public universities, so their students can often cover their out-of-pocket costs with a Pell grant and a part-time job. The articles on pages A14–A20 discuss the promise and pitfalls of a community college solution.

At present, students who enter public two-year colleges seldom earn a two-year degree, and even fewer transfer to a four-year college and earn a degree. But that outcome may not be inevitable. A new study by Jennifer Stephan and James Rosenbaum at Northwestern University and Ann Person at Mathematica Policy Research reports that students who attend public community colleges are very similar to those who attend private two-year colleges. Private colleges charge far more than the public ones do, but they also provide prospective students with far more assistance in lining up Pell grants and low-interest loans. As a result, students in public and private

two-year colleges have relatively similar out-of-pocket costs (and family incomes). The two groups are also very similar on a wide range of other measures, like parental education and income. Nonetheless, private two-year colleges have substantially higher graduation rates than public ones. Stephan and her two co-authors attribute the private two-year colleges' success to the fact that they offer more structured programs, monitor student progress more closely, and have more intensive advising. Julie Strawn, page A15, reports a similar conclusion. If these policies are in fact the keys to better

Rising Cost of a College Education

Average undergraduate tuition, room, and board rates charged for full-time students, in constant dollars



SOURCE: NATIONAL CENTER FOR EDUCATION STATISTICS

graduation rates, state legislatures should start offering community colleges incentives to embrace them.

So which route makes the most sense? Should we try to raise test scores, so that students find college easier and are more inclined to stick around? Or should we try to make college more affordable for students who view big loans as too risky? The easy answer is that we should do both. But making college a lot more affordable is a challenge governments know how to meet, while making students learn a lot more is a challenge we do not currently know how to meet. Under those circumstances, starting with affordability is probably the best bet. **TAP**

Christopher Jencks is the Malcolm Wiener professor of social policy at the Harvard Kennedy School of Government and a Prospect contributing editor.

Rationing College Opportunity

Many more young people could succeed at college if given the chance. But public policy has been raising hurdles rather than increasing access.

BY MICHAEL HOUT

Americans put great stock in the promise of a college education. Most adults see a degree as important for personal success, and they are right. Social and economic data confirm that individuals benefit from college. Communities gain, too. College graduates are more likely to stay employed, buy houses, marry, pay taxes, avoid welfare, commit fewer crimes, volunteer for socially useful causes, vote, be happier and healthier, and live longer.

Thus it comes as quite a surprise to learn that the current college attainment rate is about what it was in the 1970s. Today, 32 percent of young people earn a college degree, compared to 31 percent back in the early 1970s. As the chart shows, between 1965 and 1974, college attainment increased from 23 percent to 31 percent, continuing an upward trend that started in the 1920s. Between the high point in 1974 and the low point in 1984, college attainment slumped back to 27 percent before rebounding to 32 percent by 1994. Since then, higher education in the U.S. has settled into a steady state, at about 32 percent college attainment, one that is too low for the good of young people or the nation.

America's colleges and universities must expand and be affordable. Young people themselves want more education than they are getting. Barbara Schneider and the late David Stevenson called their 1999 book *The Ambitious Generation* because the young people they studied were so eager to succeed in college. Twice as many young people aspire to a college degree as achieve one, according to Schneider and Stevenson. Aspirations and achievements were better aligned in the 1960s and 1970s when states were supporting expansion of higher education to accommodate and encourage rising aspirations.

Historically, public universities have been the inexpensive avenue of upward mobility for the children of the non-affluent. But the era of state investment in affordable higher education is over. Cutbacks replaced expansion in the late 1970s. Each subsequent recession required another cost-cutting round as legislatures withdrew support. State universities adapted to less funding in ways that helped them maintain quality for those in attendance but that ended up leaving too many qualified and motivated students out.

CALIFORNIA LED THE NATION on the way up and on the way down. Going up, California built 13 new universities in the 11 years from 1954 to 1965. The Master Plan for Higher Education set high standards: college degrees for one-third of the state's young people and elite degrees from University of California campuses for the top one-eighth of each class. The state promised to pay the instructional and infrastructural costs. Tuition was free;

students paid fees for room, board, and extra-curricular services. Few states could match the scope and scale of California's systems, but nearly every state provided more public higher education in 1975 than in 1955.

California's Proposition 13, a 1978 statewide ballot initiative to roll back property taxes, sparked retrenchment. The state government had to step in to make up for lost local revenues, leading to a slowdown in state support for higher education. In 1979, a second proposition, known as the Gann Amendment, strictly limited spending. Thirty-seven other states, in some form or another, followed California's lead. Overall revenue and spending limits held college enrollment growth to the same pace as population growth.

Before the tax revolt, legislative Republicans had been the universities' champions. After Prop. 13 and Gann, most were committed to cutting state spending, even university spending.

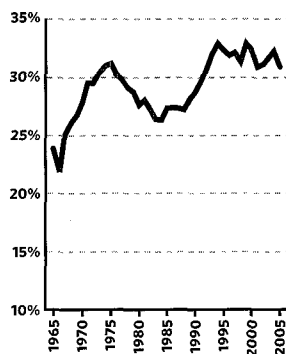
As ballot initiatives piled up, voters inadvertently crowded out higher-education spending with other spending mandates. Proposition 98 in 1988 gave K-12 education and community colleges budget guarantees that hurt state universities. Proposition 184 in 1994 mandated 25 years to life imprisonment for three-time offenders, sparking a prison boom. With total spending capped, California's zero-sum budget left higher education as one of the few categories open for discretionary cuts. The governor and legislature nearly always made them.

Although no other state enacted anything as binding as the limits of California's Proposition 13 and Gann Amendment, only a few rapidly growing states, such as Florida, Texas, and Arizona, continued to expand public higher education. Elsewhere, expansion was off the table.

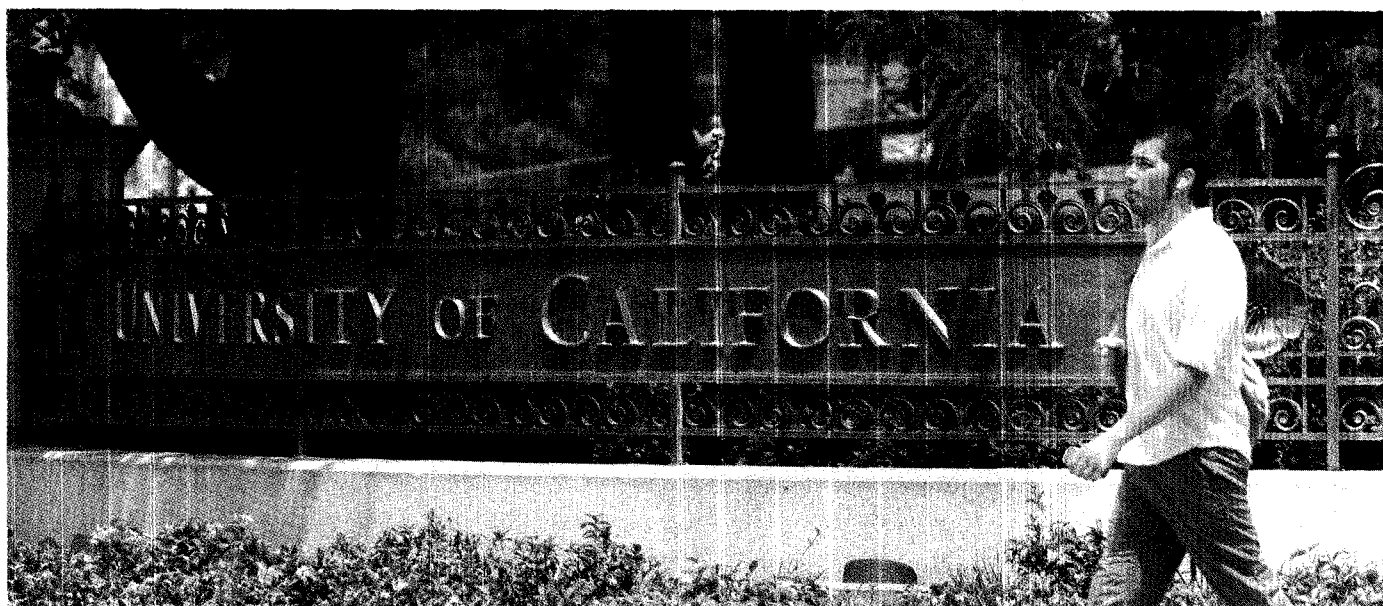
STATE UNIVERSITIES ADAPTED to the new funding limits by increasing tuition, especially at the most prestigious "flagship"

Stagnant College Graduation Rates

Percentage of college-graduation cohort earning college degrees, 1965-2005



SOURCE: CURRENT POPULATION SURVEYS, 1994-2008, U.S. BORN PERSONS 27-54 YEARS OLD AT TIME OF INTERVIEW (AUTHOR'S CALCULATIONS)



public universities. Less prestigious state universities typically reduced the amount spent on instruction. One consequence was a sharper distinction between the flagship public universities and the rest. Another was a shift in instructional costs to students and parents.

A system that once thrived on almost four state dollars to every parent's or student's dollar now asks families to match the state contribution dollar for dollar, or more. In some state systems, public funding now provides as little as 8 percent of costs. Consequently, public university tuition and fees have risen at exactly the same pace as soaring private tuition, according to data from the National Center for Education Statistics. The NCES data indicates that tuition rose at 2.5 times the overall rate of inflation since double-digit inflation ended in 1982–1983. Some state systems, such as Virginia and Michigan, made up for larger-than-average cuts by relying on out-of-state students who pay higher tuition, according to a study by Berkeley's Chancellor Robert Birgeneau.

The flagship public universities have dramatically lower freshman admission rates than they used to. Berkeley is illustrative. In 2007 Berkeley accepted 23 percent of its applicants and denied 77 percent. Thirty years earlier, in 1977, the figures were the opposite; Berkeley admitted 67 percent and denied only 33 percent that year.

The University of Wisconsin, Madison, cut its acceptance rate from 71 percent in 2000 to 53 percent in 2008. The University of Michigan reduced its admission rate from 54 percent to 42 percent during this decade, and the University of Florida reduced admissions from 60 percent to 38 percent.

To find a recent acceptance rate like Berkeley's 67 percent in 1977, you have to slide substantially further down the academic prestige hierarchy. In 2008, universities accepting a similar percentage of applicants included Stephen F. Austin State University (in Texas), the University of North Carolina, Greensboro, David Letterman's alma mater of Ball State University in Muncie, Indiana, and, in an odd kind of symmetry, California University of Pennsylvania.

Berkeley actually admits more freshmen than it used to, but it gets 49,000 applications a year now compared to 12,000 in 1984. Applications raced ahead of admissions mainly because more of California's young people aspired to college. (Some of this statistical shift reflects multiple applications. Lower acceptance rates prompt students to submit more applications.) In short, America's colleges and universities are too selective. Too many aspiring applicants end up with too few options.

Could community colleges fill the gap? More students take community college courses every year. But few community colleges receive the public funding they need to serve as an academic pipeline to a four-year degree. Among community college students who aspire to bachelor's degrees only one-in-seven succeeds, because legislators think of community colleges as places to grant terminal associate degrees, and ignore the fact that community college students need guidance and support services to make the transition to a university.

To be competitive in the high-tech global economy of the next 20 years, the United States must reverse the downward trend and increase admissions at four-year institutions. That will be very hard to do. Even if funding were not an issue, academic culture seldom questions the wisdom of being selective. However, Berkeley's excellence was unquestioned when it admitted 67 percent of applicants. In 2007, 23 percent of freshman applicants were admitted not out of a conviction that only the selected applicants can succeed but out of a practical concern that the campus space and facilities can accommodate only about 4,000 freshmen.

Facing limits in the 1960s, California built more campuses and hired more faculty. Today California is politically paralyzed. The situation is more hopeful elsewhere. Texas A&M has expanded to make a success of Texas' guarantee of admission to the top 10 percent of each high school's graduating class. The universities of South Florida and Central Florida have increased admission numbers rapidly in this decade. Miami-Dade College and Arizona State University made headlines in recent years by emphasizing access. Miami-Dade has the most students among

public universities that grant four-year degrees, though most of Miami-Dade's students are not pursuing four-year degrees. ASU passed Ohio State University with the largest enrollment in four-year degree programs in 2004.

WHAT IF, BY SOME MIRACLE or practical intervention, state universities were to reverse themselves and become less selective? Is there evidence that the rejected applicants could succeed if some university gave them a chance? It turns out that far more students could flourish at universities and that the admission process is not very good at predicting who deserves a chance.

The evidence for this conclusion comes from three natural experiments and a sophisticated statistical analysis of three large data bases. We have to rely on natural experiments and statistical adjustments because there is no placebo that mimics a college education without providing one.

William Bowen and Derek Bok are former presidents of Princeton and Harvard. In the mid-1990s they evaluated affirmative-action programs from a sample of America's most selective private and public colleges and universities. From the universities they acquired the academic records of nearly all the students who entered in 1951, 1976, and 1989. They linked the college records to data on test scores and family characteristics. Finally, they interviewed the students themselves about their post-college experiences. These data revealed that students admitted under affirmative-action programs graduated and proceeded to earn advanced degrees at the same rate as a reference group of other students matched to the affirmative-action admits. They also had the same post-degree earnings as students in the reference group. The study was first reported in 1998 in Bowen and Bok's book, *The Shape of the River: Long-Term Consequences of Considering Race in College and University Admissions*, and subsequently summarized and debated in the press.

In the second natural experiment, the City University of New York (CUNY) in 1970 went from having a highly selective admissions process to open enrollments almost overnight. Sociologists Paul Attewell and David E. Lavin tracked down a sample of women from the first three years of open enrollment. They compared the women admitted under the open admissions policy at CUNY with women nationwide who underwent a more selective admissions process. In *Passing the Torch* they report that the open-enrollment women did slightly better in the areas of graduating, continuing to advanced degrees, and earnings than did the comparison group who underwent selective admissions processes. In further comparisons with a national sample of comparable women, Attewell and Lavin showed that open enrollment substantially increased the probability of attending college as well as completing college.

The third natural experiment comes from France, but it is still relevant. Demonstrations and strikes in May 1968 disrupted many social institutions and forced the cancellation of qualifica-

tion exams—the French version of the SATs. Eventually watered-down exams were given in a hurry, and pass rates soared. The higher pass rates enabled a greater proportion of students to pursue more years of higher education than would have been possible under usual circumstances. Economists Eric Maurin and Sandra McNally report in the *Journal of Labor Economics* how they compared the students who benefited from the higher admissions rates in 1968 with students from the adjacent cohorts that were subject to the usual circumstances. They found that “for those on the margin of passing their examinations, additional years of higher education increased future wages and occupational levels.” France's exam system in the late 1960s was very rigorous and selective, but lower-testing students apparently were capable of doing well in pursuing higher education.

The final piece of evidence is the most general. Sociologists Jennie E. Brand and Yu Xie examined three large cohorts of students—two nationally representative cohorts and one of Wisconsin high school graduates. For each cohort they calculated the probability that representative students would have attended college, based on the kinds of things admissions officers know: high school grades, gender, race, and family characteristics. They found that the students who were least likely to get in and go to college benefited more from their degree than did the students who usually attend college.

Altogether, these three natural experiments and one statisti-

cal study yield 15 tests of college selection. In all 15 tests, the unlikely college students (affirmative-action, open-enrollment, and the 1968 French admits as well as the youth Brand and Xie identify as having a low statistical probability of attending) outperformed or equaled a matched set of students on an important criterion—graduating, getting an advanced degree, or earning a high salary. This is very important. It means that if we could get out of the current political and fiscal corner, expand-

ing college enrollments and college graduations would pay off at rates comparable to and probably exceeding the rates that pertain today. Far from wasting young peoples' time and universities' resources, expanding admissions would increase college attainment and American workers' productivity.

Improving individual lives is reason enough to expand college enrollments and college graduation rates. A line of research that goes back to a paper I published in 1988 shows a broader benefit as well. In over a dozen studies since, the same pattern emerges. For young people who graduate from college, family background has no effect on adult occupations and earnings. A college education is the great equalizer. **TAP**

Michael Hout is Natalie Cohen professor of sociology and demography at the University of California, Berkeley. This article was made possible with the support of the Andrew W. Mellon Foundation, the University of California, Berkeley, and Princeton University.

It turns out that the college admission process is not very good at predicting who deserves a chance.

Saying Yes in Syracuse

A battered industrial city is leading the way in preparing all schoolchildren to succeed in college.

BY DAVID CALLAHAN

The debate over what it takes to get low-income kids ready for college, and then to actually earn a degree, has long been polarized. Some argue that better schools alone can ensure that such students are ready to enter and finish college. Others see this view as naive, pointing to the many socioeconomic obstacles facing low-income kids along with the high costs of college.

Who's right in this debate? Both sides. Or at least that is the premise of one of the most ambitious experiments now under way in urban education.

This September, in the battered upstate New York city of Syracuse—the very picture of postindustrial decline—every student, from kindergarten through 12th grade, was made a tantalizing promise: Complete high school with decent grades, and you'll be guaranteed a college scholarship. The promise comes from an unusual partnership that includes Syracuse University, the city of Syracuse, and—the instigator of the whole enterprise—Say Yes to Education, a nonprofit bankrolled by a multimillionaire financier named George Weiss. The program is now in its second year.

By itself, the offer of a free ride through college might not make much of a difference to students in a place like Syracuse. Hardcore poverty is widespread in the city, with 78 percent of city students—most of whom are nonwhite—qualifying for free or reduced-price school lunches. In 2004, over half of students lived with single parents, many of whom had not gone to college themselves. And little in Syracuse encourages thoughts of a better future. The downtown streets are lined with empty stores, while shuttered factories stand silent on the outskirts of town. The city's erstwhile anchor companies, like General Electric and the Carrier Corporation, moved out long ago. The prosperity that does exist around Syracuse is mostly confined to the suburbs, in a world that can feel faraway to those stranded in the city's core.

In all, Syracuse is a nearly textbook case study of structural urban poverty, and the city's schools are predictably abysmal. Only half of the fourth-graders meet state standards in reading. For eighth-graders, that percentage drops to 41 percent. Only half of students finish high school on time.

So why dangle college scholarships before every student in Syracuse when the heartbreaking truth is that most will never come close to collecting this prize?

The answer is that the experiment in Syracuse is about much more than a guarantee of college. It is also a hugely ambitious effort to prepare kids for college—not just by zeroing in on the usual ills of urban schools but by addressing social and health

obstacles to success. While the education-reform world has long been prone to a “silver bullet” mentality, such as high-stakes testing, Say Yes is predicated on the exact opposite idea: Any effort to help inner-city kids succeed must operate on multiple fronts. It must also get to students early in life and work with them for a decade or more.

If this sounds complicated, it is—not to mention costly and politically tough. Despite these odds, Say Yes shows every chance of succeeding.

TYPICAL—AND DIFFERENT

It's a Monday morning in September at the Dr. Martin Luther King Jr. Elementary School in Syracuse. The school is filled with typical sights: lines of children holding hands as they walk down hallways, students working at round tables in cheerful classrooms, and colorful art on the walls.

Then there are some less usual sights. Several parents are studying for general-equivalency degrees in one of the adult-education classrooms. A dentist is filling cavities in a sprawling health clinic at the school. A nattily dressed lawyer is at the school, which houses a legal clinic where parents can get free legal advice, drawing on pro bono time from six law firms in the city. Social workers are on hand, too—the Syracuse school system has nearly doubled the number that work with students and their parents.

“We have to deal with the whole child,” says Principal Patricia Floyd-Echols, referring to tough life issues that affect many of her kids. “I was doing this all before. Now I have supports.” Floyd-Echols says so much is going on at the Dr. King school that it almost never locks its doors.

Community schools like this are at the center of the Syracuse experiment, hosting a range of social and health supports. “We want to remove all the barriers that get in the way of kids,” explains Daniel Lowengard, the superintendent of the Syracuse school system, which includes 33 schools and 20,000 students. If a child has vision problems, she can get a pair of glasses at the health clinic. If her family is facing eviction, the legal clinic may be able to help them keep their house or find public housing. If a child is staying home because a relative needs care, a social worker may be able to help a family access home-care services. And the adult-education program seeks to overcome one of the biggest barriers of all—the fact that many parents of poor kids are poorly educated.

All these services work in tandem with a big push to strengthen academics through professional development for teachers

and principals, more intensive coaching of students, after-school programs, and an extended school calendar. In addition, the Say Yes program doesn't just offer a college scholarship to every child—in collaboration with nearly two dozen private colleges, as well as the SUNY and CUNY systems—it also provides beefed up college counseling services that target all high school seniors. And it keeps tabs on its scholarship students throughout college to help ensure that they graduate.

While elements of the Say Yes approach have been around for years, they have never been integrated so comprehensively. Nor has an entire urban school district ever set the bar so high for itself. "Our goal is to ensure that every student in the city of Syracuse will succeed at the postsecondary level," says Mary Anne Schmitt-Carey, who is president of Say Yes and the architect of its Syracuse program.

THE ROAD TO SYRACUSE

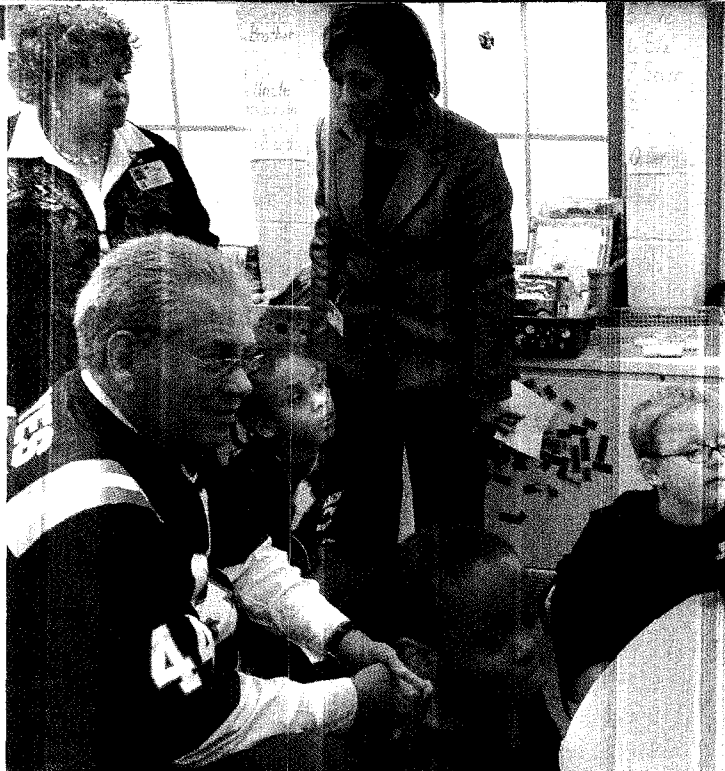
The origins of this experiment date back two decades, when an education scholar at the University of Pennsylvania, Norman Newberg, set out to better understand why the schools in West Philadelphia were failing so badly. One insight came when Newberg's researchers asked a cohort of students, mostly from low-income families, what they wanted to do when they finished school. Fewer than a quarter could answer the question. As Newberg wrote later, "They couldn't imagine a possible future." They didn't see their parents as role models, and the schools did little to help them envision success in life.

Newberg set out to change this. Collaborating with key stakeholders in the city—including Penn and other colleges and local business and education leaders—Newberg came up with a comprehensive plan to improve West Philadelphia's schools and raise the hopes, and ambitions, of students otherwise destined for failure. His multi-pronged approach focused on academic issues as well as underlying social and economic problems. It would help schools access social services, engage parents, recruit hundreds of area university students as tutors, and—crucially—offer college scholarships. It would also start early, trying to instill hope in students before they even got to high school. Thus was born Say Yes to Education, which Newberg saw as creating "an alternative vision for the future."

Newberg's plans got a big boost when a wealthy investment manager from Hartford, Connecticut—and Penn alum—George Weiss, agreed to fund the college tuition for an entire class of sixth-grade students in a West Philadelphia school, as long as they graduated from high school. That pledge was announced in spring 1987 at Belmont Elementary School. Weiss also put up funds to coordinate the other pieces of Say Yes.

Weiss was not the first person to promise a college education to poor kids. He was directly inspired by Eugene Lang, a philanthropist who made a similar promise to Harlem sixth-graders in 1981 and then set up the "I Have a Dream" Foundation to spread this promise to more students. Weiss had been thinking about emulating Lang well before he met Norman Newberg.

Just Say Yes: Program founder George Weiss makes a class visit at Meachem Elementary School in Syracuse, NY.



Weiss would ultimately put about \$5 million into the Belmont students, with mixed results. Twenty students earned bachelor's degrees—but another 20 ended up doing prison time. Two-thirds of the girls became teen mothers. Yet as bleak as these statistics were, they were better than those for comparable students. Sixty-three percent of the Belmont students graduated high school, compared to 26 percent for the class at Belmont the previous year.

Weiss was encouraged enough that he bankrolled Say Yes chapters in other cities, including Cambridge, Massachusetts, and his hometown of Hartford. These efforts also showed positive results: The Hartford chapter achieved a 72 percent graduation rate, and 77 percent of students who took part in the Cambridge chapters graduated—rates well above the national average for comparable students. By 2004, Weiss had invested approximately \$30 million into Say Yes chapters and, that year, committed another \$50 million to guaranteeing scholarships to over 400 kindergartners in five Harlem schools. "It's about equality and fairness," Weiss says, explaining what motivated his giving at this level. "I don't think there's equality out there, and I don't think there's fairness."

But for all the millions in spending, Say Yes still operated on a modest scale by 2006, working with relatively small cohorts of students. That's when Mary Anne Schmitt-Carey came along and—after an intensive study of Say Yes' results to date—developed a plan to scale up Say Yes in multiple cities across a single state and, eventually, to take it national with federal dollars.

Schmitt-Carey is used to thinking big and building programs with a lot of moving parts. After a stint in Democratic politics, she worked with Secretary of Education Richard Riley during the 1990s and then moved on to New American Schools, a reform group chaired by former Xerox CEO David Kearns. Schmitt-Carey spent 11 years at New American Schools, eventually becoming its president, where she worked

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on large-scale reform projects. Along the way, she picked up an MBA from the University of Pennsylvania's Wharton School.

New York state was an obvious place to bring Say Yes to scale because a recent court victory on school-equity issues had made available a new stream of funding to urban school districts—around \$3,500 a student. Tapping this money, along with a commitment from Weiss for tens of millions of dollars, Say Yes laid plans to eventually operate in five New York cities. Syracuse was chosen as the first for a variety of factors, including an energetic chancellor at Syracuse University, Nancy Cantor, who had already built a communitywide coalition to improve local public schools.

Smith-Carey didn't have much trouble selling key stakeholders in the city on her ambitious plans. "We were kind of blown away," recalls Kim Rohadfox-Ceaser, president of the Syracuse School Board. "I was thrilled," says Onondaga County Executive Joanie Mahoney. "It's the most comprehensive answer I've ever seen."

Mahoney, a Republican, has since found that even her constituents in Syracuse's more affluent suburbs are excited about Say Yes. "They know the cost of school failure," Mahoney says. Those costs include the county judicial system and social services, both of which deal disproportionately with high school dropouts. "If you want your property taxes to go down, help the schools succeed."

The Syracuse Teachers Association (STA) was a supporter from the very start. The union was enthusiastic about the supports Say Yes wanted to mobilize so that teachers could focus more on teaching. "If we can get rid of all the other problems, we will be able to do our job," says Anne Marie Voutsinas, president of the STA. Union members agreed to an Urban Teaching

Say Yes begins preparing kids for college in kindergarten—with comprehensive services.

Calendar that mandated an extra month of teaching, as well as other contract changes. Dennis Van Roekel, president of the National Education Association, adds, "I don't know of any other place where it is an overall district effort right through college education." To Van Roekel, who has visited Syracuse twice since Say Yes started, one of the most important aspects of the program is its success in getting all the main players in Syracuse in sync about the city's education goals. When this kind of shared ownership can be created, Van Roekel says, everyone becomes more flexible—unions included.

THE PROSPECTS

Will it work? Some experts are skeptical—certainly of Schmitt-Carey's most ambitious claim, which is that Say Yes will level the playing field for low-income students. Education scholar Richard Rothstein, who admires the program, cautions that it doesn't include the important element of early childhood education. Pedro Noguera, an urban education expert at New York University, notes that one of the greatest predictors of whether low-income students will finish college is their parents' educational level—a correlation that doesn't bode well for most Syracuse students. Also, many of Syracuse's schools—like the Dr. King School—are almost exclusively African American, and much research points to the negative effects of racial segregation. Nothing in the Say Yes program is likely to change this reality in the near term.

Still, there is wide excitement about Say Yes among school reformers who have watched plenty of big ideas come and go. The program is already attracting national attention. In September, Secretary of Education Arne Duncan visited Syracuse and talked in glowing terms about Say Yes.

Hope doesn't come easily to Syracuse after decades of decline. "This is a cynical city," Rohadfox-Ceaser says. But Say Yes seems to be changing that. The scholarship promise may already be luring some middle-class families back to the city—realtors are playing up the promise in marketing homes—and many believe that Syracuse's big investment in education will make it attractive to companies.

Say Yes dovetails with other big plans that Syracuse is hatching, such as a push to attract green manufacturers to the city as well as more small businesses—all with the goal of building a diversified economic base that can finally replace the industrial giants of yesteryear.

Even as Say Yes scales up in Syracuse, it is plotting its next steps: more cities, more students, and more promises of an alternative future. After Duncan's visit, there is talk of tapping federal dollars sooner rather than later and scaling up at a faster pace. A decade from now, if the college gap is finally closing between urban and suburban school kids, Say Yes may be one of the reasons why. **TAP**

David Callahan is a senior fellow at Dēmos and author of The Cheating Culture.

Grand Solution or Grab Bag?

Community colleges are being asked to provide everything from second chances to vocational education. Is America ready to help them succeed?

BY DAVID L. LEVINSON

In July, as U.S. automakers were emerging from bankruptcy, President Barack Obama dramatically announced the American Graduation Initiative at Macomb Community College, some 12 miles from Detroit, calling for a massive federal investment of \$12 billion in the nation's community colleges. "Not since the passage of the original GI bill and the work of President Truman's Commission on Higher Education—which helped to double the number of community colleges and increase by seven-fold enrollment in those colleges," the president stated, "have we taken such a historic step on behalf of community colleges in America." With the goal of restoring the U.S. to its global leadership role in postsecondary degree attainment—it's now ranked No. 10 in degree attainment for 25- to 34-year-olds—the initiative calls for a potpourri of strategies, ranging from producing 5 million more community college graduates by 2020 to creating a new online skills laboratory. Reacting to this initiative, *Time* magazine asked, "Can Community Colleges Save the U.S. Economy?"

They cannot do it alone, but community colleges can be a big part of the solution. The problem, however, is that over the years, community colleges have been asked to serve multiple and often conflicting missions, invariably with inadequate resources.

America's community colleges serve as an inclusive bedrock that can provide a much needed corrective to the increasing exclusivity and segmentation of American life. Whereas our neighborhoods, communities, and schools are segregated by race, ethnicity, and socioeconomic status, the nation's community colleges enroll a spectrum of learners whose demographics cut across many of these dividing lines.

Since their founding in 1901, community colleges have consistently been overshadowed and snubbed by the nation's prestigious baccalaureate and graduate institutions, whose contemporary *raison d'être* is best captured by competition for the top spot in *U.S. News and World Report's* annual rankings.

Although community colleges have long provided an accessible gateway to upward mobility for millions of Americans excluded from "traditional" higher education by high costs and competitive admissions practices, their legitimacy has often been questioned. In 1960 Burton Clark, a sociologist at the University of California, Los Angeles, proposed his "cooling out" theory, which essentially argues that community colleges function to dissipate student ambitions and reproduce existing social class divisions. Much of the critical analysis that followed, such as L. Steven Zwerling's in his 1976 book, *Second Best: The Crisis of the Community College*, and Steven

Brint and Jerome Karabel's in their 1989 book, *The Diverted Dream: Community College and the Promise of Educational Opportunity in America, 1900-1985*, asserted that community colleges had moved away from a baccalaureate-oriented liberal arts curricula toward vocational programs that channel students into low-wage, dead-end jobs.

Kevin Dougherty's 1994 analysis in *The Contradictory College: The Conflicting Origins, Impacts and Futures of the Community College* provides a more nuanced account, suggesting that community colleges struggle to accommodate the multiple demands of their transfer, terminal-degree, and work-force preparedness mission. Finding that students entering two-year colleges with the ambition of completing a baccalaureate degree are far less successful than those who begin a similar quest at four-year institutions, Dougherty suggests that community colleges be part of an existing university system rather than function as stand-alone institutions. The offering of associate degrees at branches of the Pennsylvania State System of Higher Education exemplifies the approach that Dougherty advocates.

The difficulty in balancing the multiple missions of the community college, especially given burgeoning enrollments and declining state appropriations, is the primary challenge facing these institutions. Within the context of their newly anointed role as saviors of the U.S. economy, community colleges are serving multiple constituents, ranging from an increasing number of recent high school graduates with developmental or remedial needs to the unemployed whose record numbers are overwhelming the capacity of career-oriented programs such as nursing. In addition, accreditation agencies, philanthropic and foundation funders, and politicians are demanding not just access but success. The lack of institutional capacity to generate data demonstrating whether or not institutions are meeting outcomes-based performance metrics poses yet another resource challenge for community colleges. In an era of accountability, the difficulty of community colleges to retain and graduate students has been of paramount concern. Only 18 percent of community college students graduate in three years, and it is estimated that only 40 percent of community college entrants complete a degree or certificate program within six years. The Lumina Foundation for Education, and the Bill and Melinda Gates Foundation, are funding initiatives designed to dramatically improve these statistics by doubling the number of college graduates by 2025, from just over 30 percent to 60 percent of the population.

One problem facing community colleges is that nearly 60 percent of new entrants require at least one remedial, pre-

college-level course. Another challenge concerns inadequate financial support for instruction. Community colleges expend only one-third of what four-year institutions invest per full-time-equivalent student. While instructional costs are approximately half of those incurred by baccalaureate institutions, community colleges' high attrition rates may be attributed, in part, to their low funding levels.

Exacerbating all of these challenges is huge enrollment growth. From fiscal year 1963 to fiscal year 2006, community college enrollments increased by 741 percent, compared to 197 percent at public four-year institutions and 170 percent at private institutions. At present, over half of all new entrants to higher education enroll in community colleges with minorities disproportionately represented in these institutions. And while many are facing cuts in state appropriations, community college enrollments are reporting as much as a 15 percent enrollment increase this semester in comparison to fall 2008.

An estimated 6.9 million jobs have been lost during the current recession, and worse is forecast. While inequality in wealth and income continues to grow, intergenerational mobility with respect to educational attainment has stalled. As Claudia Goldin and Lawrence Katz found in their 2008 landmark study, *The Race Between Education and Technology*, while children born in 1945 on the average attained more than two years more education than did their parents born in 1921, the educational attainment of a child

born in 1975 was just half a year more than that of his or her parents born in 1951. Recognizing their role as gateways to higher education and their promise of being able to provide students with a foundation for continuing postsecondary success, community colleges can play an integral role in breaking through this plateau, assuming that there will be a reward at the end of the educational tunnel.

Do newly created jobs pay well and provide pathways for career advancement? Unfortunately, most do not. According to the U.S. Bureau of Labor Statistics, jobs that require short- or moderate-term on-the-job training made up 52.8 percent of the labor market in 2006; this figure will decline slightly to 51.9 percent by 2016. Thus, why should we double the number of college graduates in the United States if they will be over-credentialed for the existing and projected U.S. labor market?

This conundrum resonates with the analysis offered close to 40 years ago by Ivar Berg in his 1970 book, *Education and Jobs: The Great Training Robbery*, and more recently by D.W. Livingstone in his 1998 *The Education-Jobs Gap: Underemployment or Economic Democracy*. Berg suggests that the discrepancy between laborers having advanced education and jobs that require a low skill level will have a deleterious impact on morale and turnover. Livingstone suggests that employers need to re-engineer the workplace so that they utilize the skills of a highly trained work force, which raises the intriguing question of whether it

Community colleges provide a corrective to the increasing exclusivity and segmentation of American life.

Ideas From the Other Washington

Policy reforms to increase student success

BY JULIE STRAWN

Community colleges, far more than four-year colleges, serve groups that will dominate our undergraduate student populations and our work force for decades to come: students on their own financially, older students, people of color, parents, first-generation college students, and immigrants. Although widely viewed as gateways to the American dream, community colleges face relatively low completion rates. This quandary challenges our national commitment to economic mobility.

Washington state, more than any other, has sought to address this challenge systematically. Researchers mined state data on work-force needs, demographic changes, and student outcomes in community and technical colleges. They found that students needed to reach a "tipping point" in their educational journeys for postsecondary education to translate into significant economic benefits. This tipping point is about a year's worth of postsecondary education, paired with an occupational credential.

But too few students, especially if they needed extra help with academic or English-language skills, were reaching that tipping point, and the state's employers were facing a projected shortage of workers with those same midlevel skills. Washington recognized the importance for the state's economic future of moving more of its least educated citizens to the tipping point. This premise was behind the drive for policy reforms aimed at increasing community college student success.

Washington state's reforms—which include the Integrated Basic Education and Skills Training initiative, or I-BEST, Opportunity Grants, and the Student Achievement Initiative—began

to address three principal reasons why low-income, two-year college students often fail to complete credentials: *under-preparation*, specifically inadequate reading, writing, math, or English-language skills; *cost*, especially the cost of supporting themselves and their families while in school; and, *fear*, a lack of confidence compounded by the inability of cash-strapped community colleges to offer in-depth, ongoing college and career counseling to most students.

I-BEST, which the state adult education and work-force offices began as a joint pilot in 2004, tackles the college-preparation issue by integrating academic (continued next page)

is possible to raise wages as well as credentials simply basing recovery on existing skill levels. All told, the current policy focus on community colleges constitutes the “perfect storm.” The nation is poised to rely on institutions for economic recovery whose historic under-funding has worsened, during an era when many U.S. economic problems appear intractable. When unprecedented job losses and low-wage, unskilled job creation is added to the mix, the challenges seem to be overwhelming.

There are a variety of ways community colleges can rectify this conundrum. One would be to cultivate stronger connections to employers. However, the danger here is that students will receive proprietary, customized job training with limited applicability to other employment opportunities.

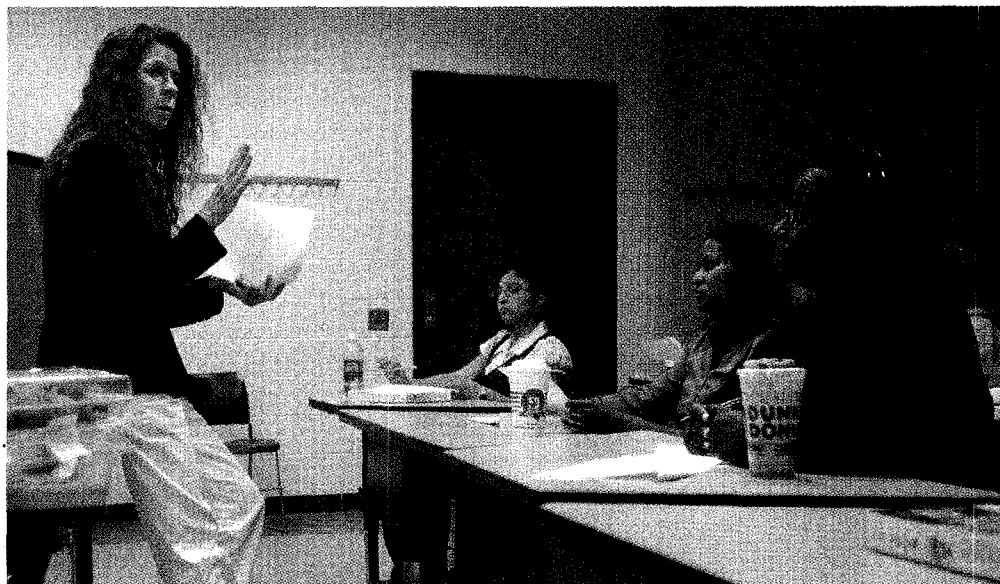
Instead, community colleges can create what I term “community capital,” which comprises human capital, financial capital, social capital, and cultural capital. Human capital can be viewed as the skills that community colleges cultivate through

work-force training programs and through general education and liberal arts programs. Financial capital refers to the public and private resources that are invested in community colleges, ranging from state and local appropriations to private giving and philanthropy. Social capital, as defined by the World Bank, refers to “the norms and networks that enable collective action” and is a metaphor for social cohesion, which, according to the World Bank is “critical for poverty alleviation and sustainable human and economic development.” By educating students about the norms for success, community colleges provide much needed cultural capital for an expansive cadre of learners who are often labeled nontraditional.

At the college level, there have been a number of promising initiatives that address some of the internal challenges community colleges face with respect to student retention and degree completion. Given that many community college students are first-generation college students or may have deviated from

the mythical pathway of successful education attainment, effective community colleges are devising organizational mechanisms designed to create a sense of institutional “belonging.” Learning communities, where cohorts of students enroll in common courses with a team of faculty

After Hours: Late-night courses at a Boston community college are tailored for students with day jobs.



(continued from previous page) and occupational courses so that students can improve basic or English-language skills while earning for-credit occupational credentials in pathways proven to place graduates in family-supporting jobs. Colleges have incentives to scale up I-BEST because the state offers higher funding for enrollments that follow this model. A recent independent study of I-BEST found promising early results. For example, 55 percent of I-BEST students earned an occupational certificate, compared to only 15 percent

of a statistically matched comparison group. More than three-fourths of I-BEST students (78 percent) persisted into a second year of postsecondary education, compared to 61 percent of the matched group. The state currently is extending the I-BEST model beyond adult education and English-language students to other students assessed as needing college remediation.

Washington’s Opportunity Grants complement I-BEST and address both the cost and confidence challenges to student persistence by cou-

pling comprehensive grant aid to low-income students in high-demand, high-wage occupations with funding to colleges for intensive student services. Opportunity Grants, providing students with about \$3,000 a year, are intended to fill in financial-aid gaps, helping especially those students in college programs left out of current federal and state assistance. In addition to this new grant aid for students, colleges receive \$1,500 to support the success of each Opportunity Grant student they enroll. This support

includes services such as in-depth college and career advising and emergency child care or transportation aid.

LAKE WASHINGTON Technical College near Seattle illustrates the difference this funding makes. Given skyrocketing enrollments and budget shortfalls, many students there see an academic adviser just once, when they first enroll. Opportunity Grants, however, allow Lake Washington to give proactive advising and support for a full year to the poorest students on campus so they can achieve their educational goals. While no independent evaluation is yet available, state data shows that Oppor-

ARAM BOGHOSIAN / BOSTON GLOBE / LANDOV

and participate in collaborative and project-based learning, has been found to promote student retention. Here students bond with peers who provide a source of support both within and outside class. In addition, faculty in disparate disciplines coordinate the curricula so that the normative fragmentation of course work, which often makes it difficult for students to conceptualize coherence, doesn't occur.

Another promising development is Achieving the Dream, a national initiative designed to increase the success rates of low-income, minority students at community colleges. Initiated by the Lumina Foundation for Education, in partnership with regional funders such as the Nellie Mae Education Foundation and KnowledgeWorks Foundation, this project has spread to over 102 institutions in 21 states. This initiative has brought together an array of funders and practitioners in the pursuit of an equity agenda based upon data-driven strategies designed to retain and graduate low-income, minority students. A novel feature is the engagement of a number of partner organizations that are involved in addressing educational policy at the state-wide level, research in the efficacy of how community colleges structure various facets of their operations and the identifications of "best practices" so that all colleges can benefit from participating institutions.

This initiative has resulted in collaboration on the parts of several nonprofits whose work is critical for resurrecting the American dream. For example, Public Agenda facilitates "community conversations" involving local stakeholders on what community colleges can do to reverse the growing achievement gap. Jobs for the Future has been involved in developing state educational policies that incentivize degree completion,

such as providing discounted tuition to community college students who complete their associate degree and transfer to public baccalaureate institutions.

With adequate funding, community colleges can provide a range of interventions to facilitate student success. Thanks to generous private and foundation support, my institution—Norwalk Community College in Norwalk, Connecticut—is piloting programs where cohorts of 15 to 20 students are assigned a full-time adviser who customizes a range of academic and support services. Through our UBS Student Success Center and with funding from MDC, Inc., a community-development non-profit, we are developing an electronic-portfolio, case-management system where advisers can spot students in need of academic assistance in order to complete a course or program of study.

Although there are many challenges, community colleges can carve pathways to upward mobility. They are known for their organizational agility, able to implement new academic programs in expeditious fashion, especially in comparison to other sectors of higher education. Their relatively low tuition and fees are typically covered by Pell grants and provide an entry point into higher education for the poor and disadvantaged. Perhaps the unprecedented national attention that community colleges are receiving will reverse the tide of growing social inequality in the United States. However, this will only occur if inclusion replaces exclusion as higher education's leitmotif. **TAP**

David L. Levinson is president of Norwalk Community College in Norwalk, Connecticut. He is author of Community Colleges: A Reference Handbook (2005) and general editor of Education and Sociology: An Encyclopedia (2002).

tunity Grant recipients have higher retention or completion rates (81 percent) compared with Pell grant recipients (73 percent) and other low-income students (54 percent) enrolled in the same high-demand occupational programs.

I-BEST and Opportunity Grants are innovative program strategies for increasing student success. But given that funding for colleges is typically driven by enrollments, and not by student outcomes, how can states and the federal government encourage wider adoption of such strategies? Washington state's answer is the Student Achievement Initiative, which rewards colleges financially according to how many stu-

dents they help achieve learning milestones associated with higher future earnings (the tipping point). These milestones include increased basic skills, completion of a remediation course, and earning 15, and then 30, college-level credits. Colleges receive the most funding for improving learning outcomes for the lowest-skilled students. And unlike most postsecondary data systems, the measurement system for this initiative tracks the progress of all college students, from recent high school graduates to working adults to English-language learners. Colleges can look at their own student outcome data as well as compare their outcomes to

their peers. And the performance funding the colleges earn is on top of their existing state subsidy and is added to that base in future years, giving them resources they can plan on for sustaining innovation.

Elsewhere, statewide initiatives in Illinois, Wisconsin, and Minnesota, like I-BEST, are bridging the basic-skills gap in key career pathways for low-income students. Kentucky's Ready to Work initiative uses federal welfare block grant funds to staff on-campus counselors, who provide services similar to those funded under Opportunity Grants, and also provides work-study jobs for low-income parents in community colleges.

As the Obama administration and Congress move on new community college and student success initiatives, they should follow the other Washington's lead and pursue solutions to these challenges: how to bridge the remediation and college-credit divide; how to pair our investment in access with an equal one in success; how to make the outcomes of low-income and low-skilled students matter to a college's bottom line. Washington state may not have all the answers, but surely these are the right questions. **TAP**

Julie Strawn is a senior fellow at the Center for Law and Social Policy.

Can Community Colleges Rise to the Occasion?

Yes—with fundamental internal reforms and a new vision of their role in higher education.

BY THOMAS BAILEY AND JIM JACOBS

Last summer President Barack Obama proposed a 10-year, \$12 billion initiative to increase significantly the number of community college graduates. He made the announcement at Macomb Community College, where he was introduced by Joe Iezzi, a 54-year-old Macomb graduate who had been laid off after working as a steelworker in the automobile industry for 23 years. When the auto-parts supplier he worked for closed down, Iezzi returned to college to complete an associate degree in heating and air conditioning, a credential that helped land him a full-time job at a local hospital. His case was a perfect example of the role community colleges could play in retooling the human capital of a dynamic economy as labor is shed from declining industries and is sought by growing sectors. The challenge, however, is compounded by a recession that depresses normal education funding and also leaves students wondering if jobs for which they train will actually materialize.

Nearly 7 million students are registered for degree or certificate programs in community colleges, yet only 35 percent to 40 percent of them complete a two- or four-year degree or a certificate within six years. The ambitious goals set for community colleges cannot be met without improving these graduation rates. Moreover, research has shown that community college two-year degrees and less-than-two-year certificates, especially in well-defined occupational areas, are as valuable, relative to the time it takes to earn those awards, as four-year degrees.

Improving success rates of community college students could also improve equity in higher education. Community colleges are open-door institutions, welcoming students turned away by many four-year colleges. They represent the country's commitment to providing postsecondary educational opportunities for almost everyone. Thus improving outcomes for community college students will have a disproportionate positive effect on minority and low-income students. There are, for example, more low-income African American and Hispanic students at Bronx Community College alone than there are in the entire Ivy League.

As illustrated by Iezzi's story, community colleges also have a tradition of preparing workers for jobs in their local labor markets. The colleges are local institutions, often maintaining close relationships with neighboring employers. For example, at Macomb Community College, a certified nursing-assistant program has been developed to meet the needs of local nursing homes and home health-care facilities. And Macomb has had a long history of working closely with automobile companies such as General Motors and Chrysler: For years the college

maintained the largest auto-body-design program of any post-secondary institution in the country, serving the large local auto-design industry. By maintaining interactive relationships with local employers, community colleges appear to be able not only to provide education but to do so in areas of interest to local employers. These ties also help graduates find jobs.

And community colleges are cheap. While the \$50,000-a-year college cost has attracted much attention, \$3,000 for a full year is high for a community college. A student can attend Macomb Community College full time for less than \$1,200 a semester. The community colleges also cost states less. In Michigan, the entire state appropriation to all 28 community colleges is about equal to the state support for Michigan State University.

Thus, community colleges seem well positioned to address a series of social problems by offering increased degree completion, greater equity in higher education, enhanced economic development, and effective work-force development tied in an interactive way to the needs of local economies. And the colleges appear to be able to provide these benefits at a relatively low cost.

BUT CAN COMMUNITY COLLEGES live up to this potential? Many of the apparent strengths and advantages of these institutions coexist with serious underlying problems.

First, the open admissions policy that provides access to a diverse student body also means that many students arrive poorly prepared academically. Nationally about 60 percent of first-time community college students are referred to remediation—academic services provided to students judged to be inadequately prepared for college-level work. Fewer than half of those students complete their remedial program within three years. There is still a great deal of work to be done just to get these students into college-level courses, to say nothing of getting them to degrees.

Second, the majority of community college students work, many full time. Thirty-five percent of the students have dependents. Almost two-thirds of community college students attend part time, greatly decreasing their chances of completing. Students often leave college because their transportation fails, they run out of money, their babysitting arrangements fall through, a family member gets sick, they lose a job, they get a job, or their shift changes at work. Any college-completion strategy will have to provide both services and financial aid to reduce these barriers to success.

Third, community colleges typically serve first-generation college students. Without family members and friends with college experience, students are often unfamiliar with how college works.



Tapping Potential: President Obama announces his \$12 billion initiative at Macomb Community College last July.

before the current downturn. In the past, occupational programs at community colleges were designed to place associate-degree graduates in jobs while the liberal-arts programs were designed for transfer students. But in areas such as health, business, and information technology, which have been mainstays for community college occupational programs, employers are increasingly favoring graduates with four-year degrees. Macomb's extensive auto-body-design program, for example, had withered even before the recent decline in the auto industry when the Big Three firms began making the four-year degree a prerequisite for hiring entry-level designers. As a result of this shift, successful occupational programs must increasingly provide opportunities for transfer to four-year programs.

STUDENTS DO UNDERSTAND the growing importance of a four-year degree. Transfer-oriented programs at Macomb are growing faster than occupational-degree programs, a trend consistent with national developments. However, students are often confused about what they need to do to prepare, and many four-year institutions resist accepting community college transfers. Research shows that bachelor's-degree aspirants starting at a community college are less likely to complete that degree than those starting at a four-year college, even after taking account of measurable characteristics such as high school grades and assessment test scores.

While national policy seeks to increase both two- and four-year-degree completion rates, one occupational area that has shown significant growth in community colleges has been in non-credit instruction. What has developed is vibrant customized training and non-credit work-force programs that may increase opportunities for such students but do not lead to degrees. Since the spring of this year, virtually all Michigan community colleges that have launched training programs with stimulus funds have done so on the non-credit side of their institutions.

And while policy-makers are looking to community colleges as a lower-cost route to a better-educated population, that "advantage" also means that these colleges have fewer resources with which to address the academic, social, and informational challenges facing their students. This situation has only been exacerbated by the effects of the recession.

More than any other sector of higher education, community colleges are dependent on state funding, and in many states, enrollments have risen (they often do during economic downturns) while state support for the colleges has fallen. As a result, many community colleges are in effect turning away students, not by rejecting their applications but rather by advancing the deadline for registration or simply by limiting the sections of the popular classes that students want to take. The colleges that do try to enroll all students who show up have fewer resources per student to invest in instruction and student services. These developments will clearly make it more difficult for community colleges to increase their graduation rates.

Indeed, they may not be aware of what is expected of them in the classroom or of the requirements in their program. Although some top-tier programs, such as nursing, are well structured with clear requirements, under the ideology of choice and open access, many programs have confusing options and electives.

At Macomb, the course catalog lists over 700 individual classes and nearly 200 programs in total. Providing options opens up many opportunities for students, but it requires adequate counseling and advisement to help students navigate the complexity. But because most state funding support is based on enrollment numbers, not measures of student success, community colleges—while having enrollment and admissions policies to maximize participation—lack the support services increasingly important for promoting student completion. Most institutions have one counselor serving thousands of students. At Macomb, 58 counselors and advisers serve the needs of 33,000 credit students and more than 15,000 non-credit students, far too few to make a significant difference in completion rates.

Further, community colleges cannot cause jobs to materialize in a recession. They do have a strong tradition of working with local employers to provide skills that are in demand. But the recession has made this function more difficult, and longer-term changes in occupational skills and labor markets are threatening the long-established community college work-force development role. Even trained workers cannot find jobs that do not exist. In Michigan, over 950,000 jobs have been lost since 2000, many of them in white-collar occupations. The conventional view that more education insulates one from major unemployment is not true in this recession. The local work-force investment agency, Michigan Works!, reports that over 12 percent of those currently unemployed in Macomb County have a college degree.

Employer demands for frontline workers began to change

To be sure, many colleges could do a better job with the resources they have, and indeed there is variation in graduation rates and other measures of success among colleges with similar funding levels and student characteristics. Nevertheless, community colleges, which have the fewest resources, work with the students who face the greatest barriers to success.

In the end, community colleges do have the potential to play a central role in the economic recovery, in promoting educational equity, and in providing a foundation for long-term economic growth and prosperity. But the ambitious goals set for them by the administration, state governments, private funders, and educators can only be realized if the colleges and the states that fund and regulate them can bring about some fundamental changes.

THE PROBLEMS THAT WE have identified provide a road map to community college reform. If colleges are overwhelmed by students with weak academic skills, new approaches need to be developed to quickly get students into college-level courses. Services must be provided to help students address the many academic and social barriers that they face and to help students understand and navigate the complex college environment. Colleges need to simplify and consolidate many of the programs and courses they offer to reduce the need for extensive and complicated guidance and advising.

Community colleges also need to clarify their role in the changing occupational landscape. What is the future role of a two-year occupational degree or a shorter-term certificate? At least colleges must improve the connections between credit and non-credit programs to widen opportunities for students in the booming non-credit work-force arena. And community colleges need to strengthen their relationships to four-year colleges to make transfer more effective. Some states are allowing community colleges to confer a limited number of bachelor's degrees, and many colleges have invited four-year colleges to give courses on their campuses. Macomb Community College maintains a university center complex where eight partner institutions maintain upper-division and graduate programs for over 3,300 students—many of whom are also taking community college classes.

Around the country one can find interesting initiatives to address each of these challenges. Those efforts need to be encouraged and studied. But the difficulties are systemic. Improving one program or one institutional feature will have little overall effect. Over the last two decades, many community colleges have become adept at raising money to pay for discrete initiatives and programs, yet fundamental problems remain. The type of improvement now expected of the colleges will only come with more comprehensive changes in the way colleges operate and are organized, funded, and governed.

Will new funding produce better outcomes? The administration's proposed community college initiative would inject a little over \$1 billion a year into the community college system. That's a large sum, but it increases by only about 2 percent the \$42 billion spent annually by community colleges. In a recession, it will be tempting for colleges to try to use these resources

to replace lost funding. Throughout the country, in education programs at all levels, Recovery Act money has been used to stave off or reduce cuts, rather than to promote reform.

Fundamental improvements can only come about if all of the stakeholders take this opportunity to rethink the functioning of community colleges within the context of a changing landscape of higher education and of the economy at large. Such a deliberation needs to ask how community colleges should be funded and by whom, and to decide what can be expected of them and how much society is willing to pay for those outcomes.

If there is a reason for optimism, it is the realization that these institutions have been neglected and ignored in the past. Abundant attention, discussion, research, and resources have been lavished on a handful of elite private and public flagship universities while the public has misunderstood or been ignorant about community colleges. If the current conversation can lead to a long-term shift in attention to the colleges, the discussion and revelations may be painful, but they will be necessary if community colleges are to realize their potential in the transformation of the country's economic well-being. **TAP**

Thomas Bailey is the George and Abby O'Neill professor of economics and education and the director of the Community College Research Center and of the National Center for Postsecondary Research, both housed at Teachers College, Columbia University. Jim Jacobs is president of Macomb Community College, Warren, Michigan, and chair of the Advisory Board of the Community College Research Center.

The High Cost of Working Hard

Why students need to work less and study more

BY NANCY K. CAUTHEN AND VIANY OROZCO

As postsecondary education has become nearly essential for getting a decent job and entering the middle class, it has become financially out of reach for many of America's young people. Costs have risen exponentially, while financial-aid policies have increasingly abandoned students with the greatest financial need. This means that students and their families now pay (or borrow) a lot more for a college degree, and increasing numbers of students work at least part time. All of these factors increase the risk that more young people from low- to moderate-income families—who are disproportionately African American, Hispanic, and first-generation college students—will enroll only to drop out because of financial constraints. These trends are most evident at community colleges.

Over the next decade, jobs requiring at least an associate degree are projected to grow twice as fast as jobs requiring no college experience. Yet college graduation rates have stagnated (see Michael Hout, page A8). During the same period, however, undergraduate enrollments increased by nearly 20 percent. The troubling reality is that nearly half of students who enroll in college will drop out before earning a degree.

Even among the students most likely to succeed—those who begin college as full-time students at four-year institutions—only three out of five complete a bachelor's degree within six years. Among young students (under age 24) at community colleges, only two out of five complete some kind of credential—whether an associate or bachelor's degree or a professional certificate—within six years. Although the overwhelming majority of students who enter community colleges hope to earn a bachelor's degree or higher (with black and Hispanic students having the highest aspirations)—just over 10 percent go on to complete a four-year degree.

COLLEGE DEGREES FOR ONLY THE WELL-TO-DO?

Although financial aid has long favored full-time, four-year students, policies increasingly cater to the nation's most affluent and best-prepared students. In the last 25 years, college tuition and fees increased more than 400 percent, while median family income increased by less than 150 percent. The purchasing power of Pell grants, the nation's largest source of need-based financial aid, has declined precipitously: When the program was established in the 1970s, grants covered three-quarters of the cost of attending a public four-year college or university. By 2007, the maximum grant covered only a third of such costs. Despite scheduled increases, Pell grants will continue to cover only a fraction of the cost of a postsecondary education.

In 1990, 56 percent of federal financial aid to undergraduates in the United States was in the form of loans, and 39 percent was awarded in grants. By 2008, this had shifted to 64 percent of the funds awarded as loans and only 26 percent as grants. State financial-aid policies have shifted from need-based to merit-based student aid, and colleges have increasingly used more of their financial-aid resources to attract the best-prepared students regardless of financial need.

The results for college completion rates by income and race are alarming. Only 26 percent of young college students from the lowest-income families obtain a bachelor's degree after six years compared to 56 percent of those from the highest-income families. The six-year bachelor's completion rate for black and Hispanic students is 17 percent and 19 percent respectively.

WORK HARD, PLAY BY THE RULES—AND DROP OUT

One consequence of rising costs and shifts in financial aid is that more low- and moderate-income students work long hours and enroll part time to finance their education, putting them at risk of dropping out. The percentage of full-time college students under age 24 who work increased from 34 percent in 1970 to over 50 percent in 2000. In 1970, about 15 percent of full-time college students worked more than 20 hours a week. More than 30 years later, that percentage has doubled.

Research is very clear about the impact of work on student outcomes: Working more than 15 hours per week interferes with students' ability to complete their degrees, but working less than this amount is actually associated with better edu-

cational and employment outcomes. In surveys, students who have left college without earning a degree cite employment and finances as the main reasons for their departure. One study finds that about 40 percent of students who worked full time while enrolled left within three years, compared to about 20 percent of those who worked part time and only 13 percent of those who did not work.

With increases in student employment have come increases in rates of part-time enrollment. In 1970, 16 percent of students under age 24 enrolled part time; by 1998, that figure had increased to 22 percent. During that same time, the number of part-time undergraduates more than doubled from 2.8 million to 6 million. Part-time enrollment increases the risk of dropping out even more than employment. After controlling for other factors, one study found that 51 percent of undergraduates who enrolled part time left by

the end of three years without a credential in contrast to 14 percent of students who first enrolled full time.

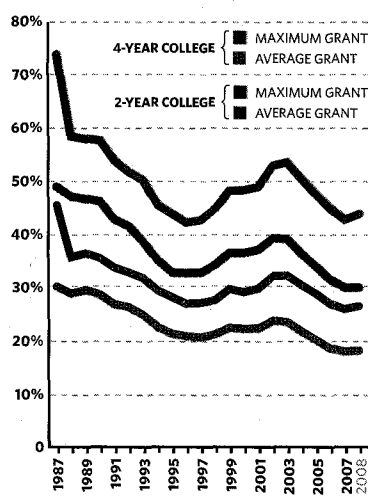
Heavy work burdens and part-time enrollment have similar effects: They curtail the time that students devote to their studies and limit their access to educational resources. Students who work long hours and/or enroll only part time are constrained by the number of classes they can take, course selection, class schedules, and access to the library. Further, when students can't fully engage in school, they have limited time and energy to invest in building relationships with faculty and other students. Research is clear that such relationships play a critical role in academic success.

COMMUNITY COLLEGE STUDENTS: CANARIES IN THE COAL MINE?

Enrollments at community colleges have been soaring, increasing at more than three times the rate of four-year colleges. In 2007, nearly 4 million young adults—43 percent of all young students enrolled at public colleges and universities—attended a community college. Traditional-age college students are

Pell Grants Shrinking

Percentage of tuition, fees, room and board covered by Pell grants at public colleges, 1987-2008



SOURCE: COLLEGE BOARD TRENDS IN COLLEGE PRICING

increasingly looking to community colleges for affordable tuition, even if they hope to transfer and eventually earn a four-year degree. With college education widely viewed as a prerequisite to getting a job with decent pay and benefits, community colleges are attracting more young students who, a generation ago, might not have pursued postsecondary education.

Yet students at community colleges have been especially hard hit by increased tuition and living costs as well as declining financial aid. These students suffer the most from the need to work and the constraints that lead to part-time enrollment. Although a majority of young students are employed, more young community college students work than do their counterparts at public four-year institutions—and they work much longer hours. Among the 84 percent of young community college students who worked last year, about 60 percent worked more than part time (more than 20 hours per week) and about a quarter worked full time (more than 35 hours per week). These employment burdens stand in stark contrast to the work hours of students at public four-year colleges, where fewer than half work more than part time and only 14 percent work full time.

Similarly, young community college students enroll part time at significantly higher rates than do their counterparts at public four-year colleges. In 2007–2008, nearly 60 percent of young community college students enrolled part time compared to less than 20 percent of students at four-year institutions. Notably, Hispanic community college students enrolled part time at the highest rate (64 percent). While financial pressures have led all college students—whether at two- or four-year institutions—to work more, only community college students have experienced steep increases in part-time enrollment.

If as a society we care about equity when it comes to higher education, these trends should spur us to action. It's the children of the working class and the barely middle class who show up on community college campuses. Only 38 percent of community college students obtain a degree (bachelor's, associate, or certificate) within six years of starting their studies. Those who tout higher education as the answer to growing socioeconomic inequality should take note.

RELIEVING STUDENTS' FINANCIAL BURDENS

President Barack Obama has recognized the importance of higher education and the need for increased financial aid. Rep. George Miller of California followed the president's lead by introducing the Student Aid and Fiscal Responsibility Act in July. The bill would make significant new investments in the Pell grant program and would increase funding for Perkins loans, which target students with the greatest financial need and currently offer the lowest interest rates. Although access to Perkins loans has been limited at community colleges, the new proposal would make it less onerous for financially constrained community colleges to participate. The proposed legislation requires no new dollars: It would be financed entirely by freeing up money that currently subsidizes private lenders who make student loans.

These are important initiatives, but the public discourse on higher education has yet to recognize the adverse effects of long work hours and part-time enrollment on postsecondary success—even among students who have received adequate academic preparation for college and who have few other impediments to completing their degrees. The research shows that full-time enrollment and part-time employment of less than 15 hours per week provide the optimal situation for young students to concentrate on their studies and succeed. Yet nearly 80 percent of young community college students work more than 15 hours per week, and financial barriers are leading increased numbers of young students to enroll only part time.

It has become commonplace for analysts to suggest that increased student aid should be premised on a willingness to work. Some go so far as to deny the importance of financial constraints on dismal completion rates at community colleges. David Brooks, a columnist for *The New York Times*, recently wrote, "Lack of student aid is not the major reason students drop out of college. They drop out because they are academically unprepared or emotionally disengaged or because they lack self-discipline or because bad things are happening at home." Brooks is right that many students, especially at community colleges, face multiple barriers to completing their degrees and that addressing financial barriers alone will not magically solve the problem of low graduation rates. But he is wrong to suggest that financial constraints don't matter.

What happened to the idea that first-time college students ought to be able to enroll full time and work only part time? Research clearly demonstrates that the opposite—full-time employment and part-time enrollment—poses serious obstacles to postsecondary success. But the new conventional wisdom seems to be that in these changed economic times, it's fine for college to be a part-time pursuit.

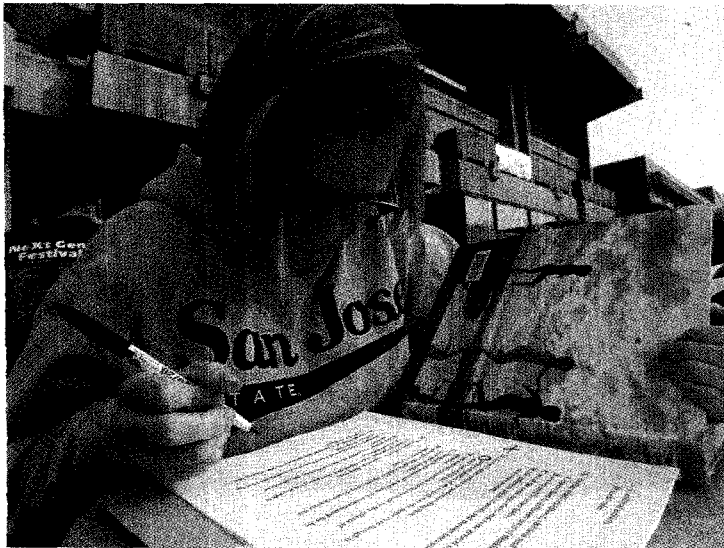
RESTORING THE PROMISE OF HIGHER EDUCATION

What can be done? Recent proposals to increase Pell grants and other forms of need-based aid are a good start. But we need to do more to help first-time college students with basic living expenses. Students who live off campus—campus living isn't an option for many—need help paying for rent, utilities, transportation, and groceries. Overburdened students also need protection from the unexpected—a medical or family emergency, for example. An innovative program at Central New Mexico Community College offers funds to help students in financial crisis stay enrolled. And finally, something must be done to stop the escalation of college tuition. Declining state fiscal support means that even public colleges and universities aren't nearly as affordable as they once were.

Today's young adults are highly motivated to seek a postsecondary education because they know it is critical to their economic future, yet too many of them are sidelined by the burden of paying for school while meeting their other financial obligations. Until policy-makers recognize that long work hours place an unnecessary burden on struggling young college stu-

dents and seek to redress this problem, financial constraints will continue to suppress both full-time enrollment and graduation rates, especially among low-income students at community colleges. The college graduation gap between children of the affluent and children from families of modest means will continue to grow, which will only exacerbate racial and ethnic disparities in postsecondary success. Reducing these disparities would go a long way toward restoring America's promise of opportunity—by restoring the promise of higher education. **TAP**

Nancy K. Cauthen is director of the Economic Opportunity Program at Dēmos, where Vianey Orozco is a policy analyst.



It's Not Just Education

If we want more economic opportunity and equality, a better-skilled work force is only one element among many.

BY RICHARD ROTHSTEIN

The vast inequalities in American society, even in prosperous times, include correlated inequalities in income, wealth, security, health, occupation, and education. We need policies to remedy each of these inequalities; addressing any one of them will impact the others. Raising the education and skill levels of youth from more disadvantaged backgrounds is a valuable end in itself as well as a way to improve the quality of our civic and cultural life. It will also enable these youth to compete with middle-class youngsters for more skilled and better paying jobs.

For example, the unemployment rate of young African American men is scandalously high—22 percent. So is their high school dropout rate: over 50 percent in many large urban areas.

If we could figure out how to get more of them to persevere in high school and then get the additional postsecondary education and training to qualify for jobs paying middle-class wages, we'd take a meaningful step toward narrowing inequality.

On this proposition, nearly all policy-makers nationwide, at the national, state, and municipal levels agree. Yet although the necessity of education and labor-market policies to bring more disadvantaged youth into productive and remunerative employment is self-evident, it is naive to expect skill enhancement alone either to create jobs or to ensure that the jobs created are sufficiently compensated to narrow inequality. For the first goal, we need growth-oriented macroeconomic policy; for the second, policies to enhance economic security and worker bargaining power.

The relationship of education to economic growth and good earnings raises several awkward questions. If more youth from disadvantaged backgrounds got the education and training to compete for skilled jobs, would the number of good jobs expand to soak up these newly qualified beneficiaries of better schooling and active labor-market policies? Or would these youth displace competitors from middle-class backgrounds? If the answer to this question is “displacement,” are active labor-market policies then effectively “affirmative action” policies, and are they politically sustainable? What additional policies might increase the supply of well-paid jobs, to offset the depressive effect of the increased labor supply on wages and mitigate the social conflict that will inevitably arise when qualified workers must accept less desirable employment that does not utilize their skills?

THESE QUESTIONS ARE NOT NEW. Back in 1994, for example, the national unemployment rate was 6 percent overall, 10 percent for high school dropouts, and nearly 12 percent for black workers. Counting those who had given up looking for work because none was to be found, and those who had to settle for part-time jobs, the unemployment rates were much higher. There was a near-consensus among macroeconomists that efforts to use monetary or fiscal tools to reduce this “natural” unemployment rate were bound to fail: Greater demand for workers would only spur inflation, because the unemployed lacked education and training to fill jobs that might become available. Alan Greenspan, then chairman of the Federal Reserve, told the Senate Banking Committee that anyone still unemployed simply didn't have the skills employers needed. President Bill Clinton's nominees to the Federal Reserve, Alan Blinder and Janet Yellen, had little dispute with Greenspan's assessment that we presently had a “natural” level of full employment.

Yet by the end of the decade, an economic boom had cut these unemployment rates to 4 percent overall, 7 percent for those without a high school diploma, and 8 percent for black workers. Somehow, roughly one-third of those supposedly unproductive non-workers suddenly became attractive employees. Lower unemployment was not caused by improved and targeted education and training but rather by a willingness to experiment with pro-growth monetary policies and tighter demand.

Now, of course, unemployment has zoomed back up: Nearly 10 percent for all workers, 15 percent for those without a high school education, and 15 percent for blacks. This rise has nothing to do with the skills of the work force. We might reduce these rates somewhat with better education and training, but it is foolish to rely entirely on this approach. A new economic stimulus package and other macroeconomic tools are likely to pack a bigger punch.

Even at its best, however, appropriate macroeconomic stimulus can hope mostly to reduce unemployment. With weak labor bargaining power, fuller employment is still consistent with gross inequality. So better skills and stronger demand cannot by themselves do enough to raise wages of workers at the bottom; for this we also require policies that affect wages directly, such as enforcement of the right to unionize and enactment of stronger minimum- and living-wage laws.

TODAY'S CONVENTIONAL WISDOM has it that the 21st century is a changed world: A half-century ago, without an education you could get a "good" job with compensation to support middle-class comfort, but today, jobs that pay well require more than a high school education. Without postsecondary training, only "bad" jobs are available.

But if you think about it, attaching parts on a moving assembly line is not inherently better work than changing bed linens in a hotel—nor is it more skilled.

As Lawrence Mishel and I wrote in a previous issue of this magazine [*"Schools as Scapegoats," TAP, October 2007*]: "What made semiskilled manufacturing jobs desirable was that many (though not most) were protected by unions, provided pensions and health insurance, and compensated with decent wages. That today's working class doesn't get similar protections has nothing to do with the adequacy of its education. ...

Hotel jobs that pay \$20 an hour, with health and pension benefits (rather than \$10 an hour without benefits), typically do so because of union organization, not because maids earned bachelor's degrees."

Periodically, the Bureau of Labor Statistics projects future labor-force demands. The most recent projections (developed in late 2007, before the current economic collapse) were that by 2016, 21.7 percent of jobs would require a bachelor's degree or more; another 19.2 percent would require a community college degree, other postsecondary training, or comparable work experience; while 59.2 percent would require only a high school diploma or less, as well as on-the-job training, most of it very short-term. This future occupational structure will require just slightly more educational preparation than does the current structure—the comparable present shares are 20.6 percent, 18.8 percent, and 60.4 percent, respectively.

One job category with great anticipated demand is registered nurses, requiring an associate degree. But also in great

demand are retail salespersons (requiring short-term on-the-job training); customer service representatives (moderate on-the-job training); and food service (fast food) workers, office clerks, and personal, home care, and home health aides, all of whom require only short-term on-the-job training.

Providing community college places to deal with the more than half-million more registered nurses we'll need between 2006 and 2016 is an important policy initiative, and making extraordinary efforts to prepare and recruit students for those places from disadvantaged communities will enhance equality. But providing more than a half-million places is not likely to create many additional registered nurse jobs; most likely, it would cause nurses' wages to fall, increase the number of nurses forced to take jobs as home health aides, and support some increase in the wages of those aides (because nurses will be more productive home health aides than those with only short-term on-the-job training).

A significant number of well-educated workers, even in good economic times, already take jobs requiring less education. Contrary to popular myth, we have been producing many more science and engineering college graduates than there are job openings in these fields, for example.

Few jobs requiring only short-term training pay well, and they will continue to generate more employment opportunities than well-paying jobs. A more egalitarian society would

recruit more disadvantaged youth for nurses' training. With an expanded supply of nurses generated by these policies, some additional skilled nursing positions would be created, as hospitals figured out how to realize productivity growth by giving parts of the work presently performed by physicians to the additional nurses. A surplus supply of nurses would also result in some youth from working- and middle-class families, who had obtained training as nurses, having to settle for jobs as retail

salespersons, fast-food workers, and home health aides.

Is such an egalitarian ambition feasible? It is certainly possible for retail salespersons, fast-food workers, and home health aides to earn middle-class incomes, but this won't happen because these workers got better postsecondary training. It will be because we ensure that workers in these occupations get middle-class incomes by providing much stronger minimum-wage and labor-union protections, economic security with good health care, as well as community-development and social-insurance programs. Better education and training are important, but asking them to narrow our extreme social inequality on their own is asking too much. **TAP**

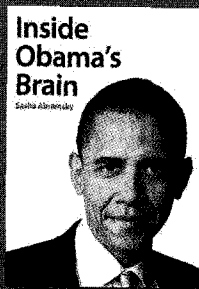
Richard Rothstein, a Prospect senior correspondent, is the author of *Class and Schools: Using Social, Economic, and Educational Reform to Close the Black-White Achievement Gap* (2004), and co-author of *Grading Education: Getting Accountability Right* (2008).

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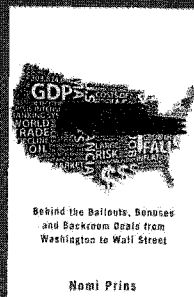
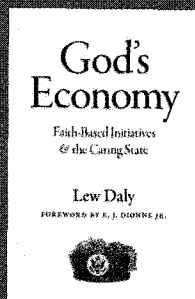
- a more equitable economy with widely shared prosperity and opportunity;
- a vibrant and inclusive democracy with high levels of voting and civic engagement;
- an empowered public sector that works for the common good;
- and responsible U.S. engagement in an interdependent world.

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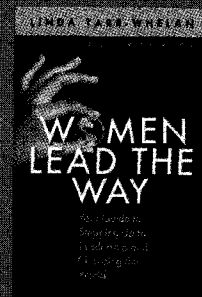
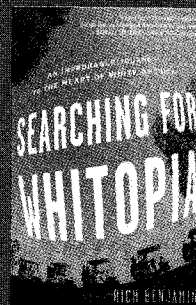
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The Myth of Too Big to Fail

When it comes to banking, size isn't the only thing that matters.

BY TIM FERNHOLZ

Amid last fall's financial chaos, executives from Wachovia, at the time the fourth-largest commercial bank in the country, had bad news for their regulators: They were broke. Federal officials deliberated and decided Wachovia was so important to the economy that the government had to save it.

It was only the latest in a series of financial institutions that regulators had deemed "too big to fail." In the preceding months, the government had bailed out Fannie Mae, Freddie Mac, and Bear Stearns, and Congress had passed the controversial \$700 billion bill to fund yet more financial-sector rescues. Some of the institutions, like the insurance company American International Group (AIG), weren't even banks.

When the news of Wachovia's failure first reached Federal Deposit Insurance Corporation (FDIC) Chair Sheila Bair, she wanted to liquidate the bank and cut into the pocketbooks of its investors—as she had done with Washington Mutual, the largest U.S. bank failure ever, a few days prior. But Tim Geithner, then president of the New York Federal Reserve Bank, argued strenuously for Bair to invoke her agency's "too big to fail" exception and spend more money to cover the costs of the bank's sale. He worried another collapsing bank would only intensify the financial panic at a time when the government's hands were tied. (While the FDIC can liquidate a commercial bank like Wachovia, the Fed doesn't have the tools to shut down financial institutions, only the ability to prop them up with loans.)

Geithner, now the Treasury secretary, made the right decision at the time, but it was a terrible precedent to set. Sending the message that the government won't let large banks fail in a crisis gives them an unfair advantage over their smaller competitors. Worse, if bankers are rewarded for success and insulated from failure, there is little incentive for prudence and smart management—the problem of moral hazard.

Of all the Orwellian phrases to arise from our financial crisis—"troubled assets," "stress tests," "capital infusion"—"too big to fail" is perhaps the most hated and least understood. Many populists and progressive economists have called on the Obama administration to bust up the banks and make them smaller. "Just break them up," economist Dean Baker argues. "We don't have to turn Citigroup and Bank of America into hundreds of small community banks, just large regional banks that can be safely put through a bankruptcy."

The administration hasn't pursued that course of action, in part because of the political power of the banks and in part

because breaking them up isn't as easy as it sounds—it is hard to know what the right size for a bank is, especially in an increasingly global financial market. Further, the importance placed on the issue of size is deceptive: The problems that caused the 2008 crash also had to do with leverage, liquidity, and the complex connections between banks. The banks tied themselves into knots neither they nor their regulators could untie.

"The problem we have had isn't that institutions were too big—it was that there was no uniform way to let them fail without causing an absolute market meltdown," Arthur Levitt, the widely respected former Securities and Exchange Commission chair, told the House Financial Services Committee in September.

If we want to clean up the financial mess, we have to realize that the size of institutions is a secondary problem. We must also accept that some facets of our current system are here to stay. Shrinking the financial sector will be slow going, so we're best off watching it more closely, forcing institutions to put stronger safety nets in place, and, most important, helping them fail gracefully when they make mistakes.

THE LOGIC BEHIND "TOO BIG TO FAIL" is that if a large financial firm or corporation goes under, it can drag along not just its own investors, creditors, and employees but also entire industries. But it's not merely a question of size. Neither Lehman Brothers nor Bear Stearns were among the largest banks in terms of assets, but their roles in the market gave their troubles an outsize negative effect on the broader economy. In other words, when we say "too big to fail," what we actually mean is "systemically risky" for any number of different reasons.

"It's just so nice and simple to say, 'If it's too big to fail, why don't we just keep them from getting big?'" says Diana Farrell, a top White House official working on financial regulation. She points out that some Japanese and European institutions are much larger than their U.S. counterparts, suggesting that size alone does not explain risk. "Let's recognize we live in a sophisticated economy that is going to require large, interconnected, complex firms. Let's make sure that we recognize them, ensure they do not pose a risk to the system," and guarantee they follow stricter rules.

The Obama administration's plan to restructure the financial system, which is wending its way through Congress, has sparked a complex battle between political parties, consumers, and industry stakeholders. At press time, the legislation included powerful changes like establishing a Consumer Financial Pro-

tection Agency, but its approach to systemic risk has come under fire because it appears to enshrine the problem, not solve it.

The administration proposes rearranging the regulatory system so that most national banks are under one supervisor, while the Federal Reserve and a council of regulators monitor risk throughout the system. Any institution—bank or not—that becomes systemically risky will be regulated by the Fed and subject to higher standards of capital, liquidity, and leverage. In theory, this will make large institutions less likely to fail and also encourage them to shrink themselves, because higher regulatory standards will hurt their bottom lines by putting a price on the public consequences of their systemic risk. Other reforms—to compensation structures, derivatives trading, and rating agencies—are designed to provide more information to regulators and better incentives to the market in order to complement efforts to control systemic risk. Equally important, the Fed will be able to observe all of the institution's activities as well as those of its subsidiaries. No more surprises, like the discovery that AIG was connected to almost every other major financial institution in the world.

"That does what we were unable to do in the case of AIG ... which is to provide the regulator a fully consolidated view of all activities, whether in the U.S. or otherwise, whether a depository institution or otherwise," Farrell says. "That itself becomes one of the critical prevention tools for systemic failure."

Those rules will be backstopped by a requirement that institutions keep an up-to-date scheme—a funeral plan—for how to wind down their operations in the event of failure. Most important, there will be new legal mechanisms, called "resolution authority," that regulators can use to shut down financial institutions while avoiding protracted bankruptcy during a crisis. Resolution authority will give the FDIC the power to do what it does best—arrange for the orderly liquidation of not only small banks but also big, international financial institutions.

"Being among the largest, most interconnected firms does not come with any guarantee of support in times of stress," Deputy Treasury Secretary Neal Wolin told a room full of bankers in September. "The presumption should be the opposite: Shareholders and creditors should expect to bear the costs of failure. ... The resolution authority ... allows the government to impose losses on shareholders and creditors without exposing the system to a sudden, disorderly failure that puts everyone else at risk."

But some critics warn that by designating more firms as systemically important, the government is implicitly guaranteeing prevention of their failure—and therefore broadening the amount of public money at risk. These critics want the administration to limit federal oversight to commercial banks and bar them from speculating in the markets or running investment funds that might put depositors at risk. While that is a good idea, the problem is, time and time again, institutions that aren't banks have found ways to engage in banking. Failing to include them in systemic risk regulation would be willfully blind. Regulation needs to be based on the principle that if it quacks like a bank, it should be treated like a bank.

THE DANGER IN THE OBAMA administration's plan is that regulators, who are often too close to the banks, may not have the courage required to seize a failing institution—it might always be easier to fund the bankers through another bailout. One simple solution to this problem would be to eliminate regulators' ability to provide capital for banks or guarantee their liabilities, making liquidation the only option. But that cuts down on regulatory flexibility and is strongly opposed in the Treasury Department.

Within the FDIC, there is support for letting the systemic-risk exception apply only to markets, so that any costly measures *in extremis* will not benefit specific institutions. Perhaps the kind of restrictions that progressives wanted to put on the initial bailout loans—strict compensation limits, firing existing management, and even more stringent rules—should be codified so they will be clear if and when bailouts are needed again. The goal would be to penalize executives, not institutions, so the people at banks have the incentive to perform.



Risky Business: Tim Geithner testifying at a TARP hearing in April 2009

Regulatory reform is not just about providing new structures and tools. Reform is also about putting in place politicians and regulators who are willing to take the banks to task. The administration's proposed approach to the problem of systemically risky institutions would require the secretary of the Treasury to green-light any response to their failure, whether that response is bankruptcy, government-assisted liquidation, or even another bailout. That means direct political accountability to the president instead of the "Republic of the Central Banker" that we saw in 2008 as the Fed single-handedly undertook massive efforts to protect the financial system without any checks on its power—or its spending.

Looking back on last fall's argument between Geithner and Bair over what to do about Wachovia, it's clear that Bair was right in principle—using federal money to keep bad banks alive isn't a good idea. Geithner was right in practice—letting another bank fail would have only intensified the financial panic at a time when the Fed didn't have the right tools to solve the problems further bank failures would cause. What we need is a rulebook that doesn't force regulators to choose between those two approaches. We need a system designed by someone like Tim Geithner—and run by someone like Sheila Bair. **TAP**

The Innovation Administration

When it comes to social policy, is newer always better?

BY DANA GOLDSTEIN

Every single one of you has something you're good at," President Barack Obama told children in his Sept. 8 back-to-school address. He went on to list future occupations toward which students could strive—doctor, teacher, police officer, architect, lawyer. Also included in that list was a career option no previous president had ever named: innovator.

Indeed, the Obama administration has been promoting "innovation" to anyone who will listen. The stimulus package includes more than \$100 billion for innovation efforts across fields as diverse as school reform, energy research, health care, and poverty alleviation. In July, first lady Michelle Obama spoke at two "innovation events" honoring architects and product designers. On Sept. 21, the president delivered a speech at Hudson Valley Community College in upstate New York on how innovation can create jobs. A search of WhiteHouse.gov turned up 531 documents mentioning the term.

The most concrete definition of innovation is offered by economists, who point out that with manufacturing and service-sector jobs migrating overseas, the United States cannot compete in the global economy without developing new products, services, and processes. In 1942, Austrian economist Joseph Schumpeter coined the term "creative destruction" to describe how innovation drives economies. When Wal-Mart came up with new, cheaper ways to move products around the globe, it allowed consumers to buy essential goods at lower prices but destroyed local mom-and-pop shops. Similarly, the iPod was an innovation that destroyed the Discman, and the Internet may, someday, completely destroy the daily print newspaper. All these innovations created jobs, even as they made others obsolete. And they all grew the economy.

It makes sense, then, during a recession, for the federal government to invest in technological innovation. It's difficult to argue with the Obama administration's decision to provide \$400 million for a new energy-research agency called ARPA-E, which will look for technological solutions to global warming. Or the administration's proposed \$19 billion investment in electronic health records, which would result in better, more consistent care for patients.

Social policy is where the innovation agenda gets tricky. The incentives are less clear, the outcomes are more difficult to measure, and the entire endeavor is more open to ideological debate. In the White House, though, the importance of "social innovation" as a poverty-fighting tool is regarded as received

wisdom. There is the new White House Office of Social Innovation, led by former Google.org chief Sonal Shah, and the Social Innovation Fund, both with the goal of working alongside the nonprofit sector in order to address joblessness, bad schools, and urban blight. And the Department of Education is using billions of dollars of stimulus money to help local school districts, nonprofits, and colleges enact "innovative reforms."

At its core, social innovation refers to the belief that for-profit institutions should be the model for nonprofit ones, and that nonprofits, in turn, can be more effective protectors of social welfare than government. There's nothing particularly new about these ideas. After the fall of the Soviet Union, American philanthropists spoke of helping former Eastern Bloc countries build "civil society" sectors, which would better care for human needs than bloated communist states had. In the 1990s, business schools promoted the idea of "corporate social responsibility," which held that government regulation wasn't needed in order for companies to do the right thing for the environment or public health. They could police themselves! During the Reagan and Bush years, conservatives suggested the nonprofit sector could serve as an effective replacement for the welfare state. (Some still do. At a health-care town hall meeting on Sept. 21, House Minority Whip Eric Cantor told a woman that her uninsured, cancer-stricken relative should seek care from "charitable organizations.")

Today, advocates for "social enterprise" argue that divisions between the public, private, and nonprofit sectors need to be broken down in order to better address social problems. The Obama administration has taken this message to heart. But it's entirely possible that social innovation is little more than a federal foray into a B-school fad that may be, during an economic crisis, insufficient to addressing the scale of the social problems facing the American public.

THE OBAMA ADMINISTRATION effort that best embodies this ideology is the Social Innovation Fund, a competitive grant program passed by Congress in March as part of the Edward M. Kennedy Serve America Act. Ironically, considering the fund is an anti-poverty program, it was rolled out by Michelle Obama at *Time* magazine's 100 Most Influential People Gala, a star-studded, black-tie event at Lincoln Center.

"The idea is simple," Obama said from the podium. "Find the most effective programs out there and then provide the capital needed to replicate their successes in communities

around the country. By focusing on high-impact, results-oriented nonprofits, we will ensure that government dollars are spent in a way that is effective, accountable, and worthy of the public trust."

What could be less controversial among liberals than public investment in social-justice nonprofits?

A lot, it turns out. The Social Innovation Fund "is like how baby boomers think they invented sex," says Jeff Trexler, a professor of social entrepreneurship at Pace University. The idea adopts, uncritically, "the rhetoric of business schools and business magazines in the late 1990s," Trexler adds. "You can't conflate investment and innovation with guaranteed success"—a lesson the finance industry learned when it created an innovation called the sub-prime mortgage.

Even Eric Nee, managing editor of the *Stanford Social Innovation Review*, is somewhat skeptical of the Social Innovation Fund, in part because no one can agree on what innovation is, or when, exactly, it is a goal worth pursuing. "It's true that not everything should be innovative," Nee says. "If all you did was go around innovating and didn't spend any time building, or following up, or doing incremental improvement, it would sort of be just chasing your tail. Why is it popular? I don't even really know—just to be honest."

The idea for the Social Innovation Fund came out of America Forward, a campaign-season coalition of nonprofits and philanthropies. The driving force behind the group was the queen bee of the social-entrepreneurship movement, Vanessa Kirsch, founder and president of New Profit, one of the country's first "venture philanthropy" firms. Venture philanthropists direct charity dollars toward nonprofits that have embraced corporate efficiency and accountability standards, often with the explicit goal of fostering "social innovation." America Forward pushed its agenda—a government investment in grant-making institutions like New Profit—to all 14 presidential candidates in both parties. "Our incentive was to get the decision of what nonprofits to fund outside of government. The idea is that there is an intermediary—the foundation—that can make those decisions and isn't politically driven," Kirsch says. "The things that really last for the long haul are the things that have bipartisan support, that will be here through administrations."

The Obama campaign was one of the most receptive to America Forward, which was no surprise—both Barack and Michelle Obama go way back with Kirsch. Barack served on the founding advisory board of Public Allies, a nonprofit

Kirsch co-founded in Washington, D.C., in 1992, with the goal of directing low-income teens toward public-service careers. In 1993, Michelle left her corporate law firm job to found a Public Allies branch in Chicago and later joined the organization's board of directors. Public Allies won plaudits from both Bush presidents and Bill Clinton, but Kirsch was frustrated by her attempts to grow the group nationally. Many donors were less interested in "scaling up" a successful nonprofit than in launching sexier, newer programs.

In 1997, Kirsch married Alan Khazei, the co-founder of CityYear, an AmeriCorps volunteer program for young adults.

(Khazei is now a Democratic candidate for Ted Kennedy's Senate seat, and he's running on a social-innovation platform—"a message of Big Citizenship instead of Big Government," according to a fundraising e-mail.) In 1999, *Fast Company* profiled Khazei and Kirsch. "There's lots of money for nonprofit work," Khazei said. "There's lots of money for the really big, established groups. But there's almost no money for those organizations in between—those who need bridge money to sustain and to grow."

The Social Innovation Fund, as drafted by Kirsch and America Forward, is intended to fill that need for "second stage" funding. "The term 'innovation'

is maybe a little misleading," Kirsch now admits.

After going through the legislative meat grinder, the fund emerged as a relatively small competitive grant program of \$50 million. (For comparison's sake, a single grant from the Bill and Melinda Gates Foundation can top \$1 billion.) It is administered by the Corporation for National and Community Service and will award grants between \$1 million and \$10 million, with a focus on education, health, and economic empowerment. Per Kirsch's vision, the vast majority of the funds it allocates—85 percent—will go not to "innovative" nonprofits themselves but to private philanthropies and other grant-making institutions, which will then match the funds and reallocate them to community organizations. In turn, the recipient groups must match, dollar for dollar, the grants they receive. A federal white paper on the program trumpets, "The result? Three dollars in funding for every \$1 in government spending."

Obama's June 30 speech announcing the program adopted America Forward's disdain for big government; it almost sounded like Reaganomics. "Let's face it, there's only so much Washington can do," Obama said to nonprofit and philanthropic leaders assembled at the White House. "Government



can't do everything and be everywhere—nor should it be.”

The president continued, “Folks who are struggling don't simply need more government bureaucracy; that top-down, one-size-fits-all program usually doesn't end up fitting anybody. People don't need somebody out in Washington to tell them how to solve their problems, especially when the best solutions are often right there in their own neighborhoods, just waiting to be discovered.”

The truth, though, is that big, top-down government programs like Social Security, Medicaid, and Medicare have done more than almost any nonprofit effort to lift Americans out of destitute poverty. Imagine what something like a national universal day-care system could do, in terms of encouraging work among poor parents and providing early childhood academic enrichment.

That's not to say charity isn't crucial, just that setting it up in competition with government is hardly relevant—and certainly not politically helpful for an administration attempting to overhaul the health-care system and potentially create a new, national public-insurance program. As Jeff Trexler writes in an article for the journal *Emergence: Complexity and Organization*, traditional nonprofit leaders critique concepts like social innovation and venture philanthropy as “an appropriation of business jargon that is inconsistent with the core values of the charitable sector.”

The Social Innovation Fund rushes headlong into this debate and picks sides. Its requirement that each government dollar be matched by the recipient organization ensures that only nonprofits that are already financially sustainable will win grants. Many small organizations, no matter how essential their work, operate hand to mouth. Groups that haven't already attracted significant corporate, foundation, or individual donor support are unlikely to be able to match a multimillion-dollar government grant.

So it turns out the Social Innovation Fund is actually searching for safe bets. “The title was selected because it sounds really good,” says Sean Stannard-Stockton, founder of the consulting firm Tactical Philanthropy Advisors and a well-known blogger in the nonprofit world. “We all want innovation. But the Social Innovation Fund is not going to draw up a lot of great nonprofits that nobody has heard of before. It's going to call attention to what works.”

Pablo Eisenberg, a philanthropy expert at Georgetown University, is much harsher. “The administration's vision excludes the overwhelming majority of nonprofits that are really in need of assistance,” he says. “Nonprofits that are activist, that are organizing, that are watchdog, that deliver important social services at the local level, like food banks and domestic-violence shelters.”

IRONICALLY, IT IS EXACTLY such a small, scrappy nonprofit that Barack Obama worked for in Chicago in the mid-1980s, helping residents of a public-housing project demand better schools and public services from city government. That kind of community group, which engages directly with the politi-

cal system, is out of vogue with the new generation of social entrepreneurs, who are more interested in self-sufficiency than activist government. “Foundations are some of the most elite organizations, whose boards are invariably made up of the wealthiest people in the country,” Eisenberg says. “They have no sense of what community needs are.”

At least so far, there's no indication the White House will push philanthropies in a more activist direction. The nonprofit groups singled out for praise by the Obama administration, in press conference after press conference, are studiously apolitical, already enjoy significant corporate support, and often lack a systemic approach to addressing inequality.

One example is Rising Tide Capital in Jersey City, which runs a Community Business Academy for high-poverty adults looking to become small business owners. The group was founded in 2004 by Harvard graduates Alfa Demmellash and Alex Forrester. With a name that could belong to a hedge fund and a focus on self-sufficiency, Rising Tide Capital enjoys financial and in-kind support from companies including Goldman Sachs, Bank of America, Capital One, Chase, Wachovia, and Fidelity Investments.

Demmellash, the group's CEO, immigrated to the United States from Ethiopia at the age of 12. Her mother worked as a seamstress and waitress, and the family was poor. She is a young, inspiring, photogenic do-gooder, so it's no surprise that last June, right before the launch of the Social Innovation Fund, Demmellash was named a 2009 “CNN Hero.” She and Rising Tide Capital were suddenly everywhere. Soon, they got a call from the Obama administration. Demmellash was whisked off to the White House, where she sat in the audience during Obama's speech announcing the Social Innovation Fund. “So far, Rising Tide Capital has helped 250 business owners in the state of New Jersey,” Obama said.

The problem is Rising Tide Capital hasn't helped 250 new business owners. In reality, 216 people have gone through its business academy, 79 of whom have launched businesses and 71 of whom are in the planning phases. That's an impressive achievement but certainly no cure-all for low-income neighborhoods.

Rising Tide Capital knows these numbers because it already received a large donation that allowed it to purchase outcome-tracking software and conduct surveys of program graduates. In the future, it hopes to follow its graduates over a number of years, to see whether the Community Business Academy contributes to long-term financial well-being. “As a person who is investing tremendous energy and resources, making sure our mission is actually met is incredibly important to me,” Demmellash says.

The use of trumped-up numbers downplays the difficulty of the work Demmellash and other nonprofit leaders do—and it downplays the stubbornness of problems like poverty, racial isolation, and lack of education. The 250 number was likely lifted by Obama's speechwriter from the CNN Heroes report, which used the same inflated statistic—ironic, considering the Social Innovation Fund is supposed to emphasize the responsible use of metrics in evaluating how well nonprofits are working.

The Social Innovation Fund is not the only corner of the Obama administration to fall under the sway of venture-philanthropy vogue, sometimes to the detriment of good social science. Through the Department of Education's innovation funds, Secretary of Education Arne Duncan is promoting a very specific image of school reform, one that borrows liberally from the venture philanthropists' goal of bringing free-market values to the public sector. The federal guidelines encourage states and schools to embrace specific "innovations," such as enacting merit pay for teachers and lifting laws that cap the number of charter schools. Though such policies may have tertiary benefits, there is no research consensus on whether either one contributes to the "bottom line" of education reform—increased academic achievement for high-poverty kids.

A recent Stanford University study of charter schools in 16 states found that in math, only about 17 percent of charter schools increase student achievement over traditional public schools. The researchers described the results as "sobering." A competing study out of Stanford, by Hoover Institute Fellow Caroline Hoxby, found that students who win a lottery to

whelmed by the challenges of poverty and racial isolation. Research by Cornell labor economist C. Kirabo Jackson found that when the Charlotte-Mecklenburg school district in North Carolina ended a 30-year busing program and resegregated, the highest-performing teachers fled schools that became predominantly black and poor. Yet integration is seen as a pie-in-the-sky, old-school lefty goal by the venture-philanthropy crowd and has registered not at all on the Obama/Duncan agenda. It's not "innovative."

Another criticism is that even when innovative social programs are proven to work well, the Obama administration underestimates the costs involved with scaling them up. The White House's single favorite nonprofit is probably the Harlem Children's Zone, Geoffrey Canada's effort to flood 97 blocks of New York City with educational, health, and economic resources—including several charter schools. The president has asked Congress to set aside \$10 million in the 2010 budget to replicate 20 such "promise neighborhoods" across the country. But that figure is considered laughable by most nonprofit experts. The Harlem Children's Zone has an annual budget of \$70 million.

While the Social Innovation Fund and Department of Education grants are unlikely to result in systemic policy improvements, it would be a mistake to view the administration's social-innovation efforts in a vacuum. The same White House is pushing for a major overhaul of our health-care system. The \$700

There's nothing new about vilifying big government and asking a stretched-thin philanthropic sector to address a truly staggering landscape of human needs.

attend a New York City charter school do much better on standardized tests than socioeconomically similar students who lose the lottery and return to traditional public schools. But New York's charters may be superior in quality exactly because state law allows only a few carefully selected organizations to manage charters. It is exactly such laws that the Department of Education claims stifle innovation.

Regardless of whether you believe the charter detractors or defenders, it's undeniable that the obsession with innovative charter schools is out of proportion to the reality that less than 5 percent of American kids attend such a school. "[Charters] should not distract us from the challenging, important, and unheralded task of making process improvements in the operation of traditional schools," writes Grover Whitehurst of the Brookings Institution, in a gently mocking essay titled "Innovation, Motherhood, and Apple Pie."

In Denver, the site of one of the largest experiments in merit pay for teachers, a 2008 study from the University of Colorado found no evidence that the new compensation system helped students; rather, teachers who were already high-performing chose to opt in to merit pay, while those who were less successful opted out. Even among teachers who participated in merit pay, only 38 percent believed the program directly improved student test scores.

Critics contend the administration has ignored more difficult, yet proven school reforms, such as efforts to integrate schools, thus guaranteeing that fewer classrooms are over-

billion stimulus package is the greatest increase in federal spending since the Great Society.

In the end, the administration's social-innovation push may be most useful for its signaling effect. Both Obamas have appeared in front of the moneyed and influential to tell them they should invest in community nonprofits and care about inner-city schools and unemployment. Nevertheless, it's true that the Obamas' infatuation with social entrepreneurship and venture philanthropy serves as a reminder of their aversion to a more robust, liberal, government-focused rhetoric. In this regard, they are, perhaps, more Clintonian than they'd like to admit.

The administration's concept of social innovation injects government into the philanthropic sector as a sort of tastemaker, hopefully influencing charities to advance progressive public policy ideas without the federal government having to spend too much more money. With the Republican congressional delegation in a full-on tax revolt, the strategy is arguably politically savvy, at least in the short term. But is it innovative? Not so much. There's nothing new about vilifying big government and asking a stretched-thin philanthropic sector to address a truly staggering landscape of human needs—10 percent unemployed, 47 million uninsured, only half of all black and Latino boys completing high school.

"Many of these social problems are of the scale that require the government to be involved," says Nee of the *Stanford Social Innovation Review*. "A lot of the nonprofit stuff is sort of ... nickel and dime." **TAP**

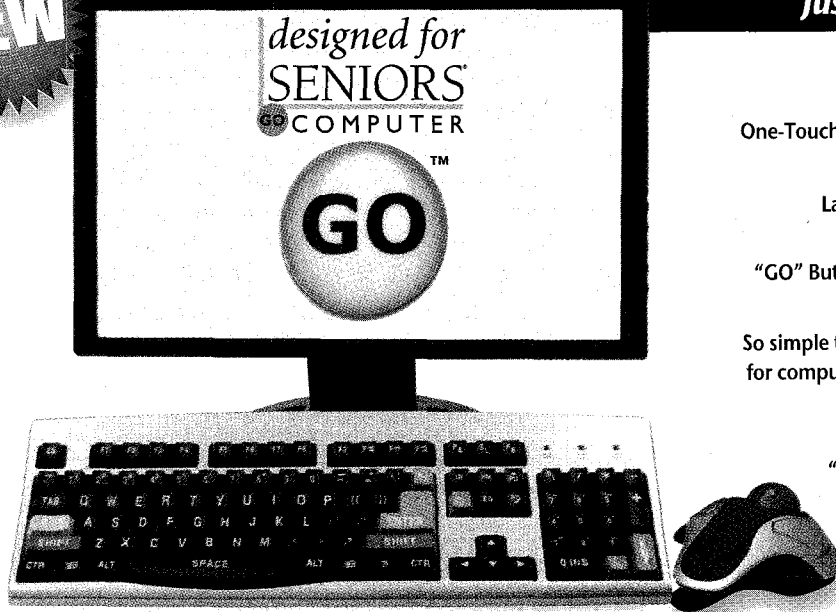
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Culture & Books



MEDIA

Girls Just Wanna Have Fangs

The unwarranted backlash against fans of the world's most popular vampire-romance series

BY SADY DOYLE

When *New Moon*, the second film adaptation of Stephenie Meyer's four-part *Twilight* series, opens in theaters this month, those who see it will not be getting great art. The faults of Meyer's immensely popular teen vampire-romance novels have been endlessly, and publicly, rehashed: the retrograde gender roles, the plodding plotlines, the super-heated goofiness of Meyer's prose. I can confirm for you that these faults are real!

Yet I could not stop reading the series. The books—all about sexy teen vampire Edward Cullen, his sexy teen werewolf

rival Jacob Black, and their joint quest to stalk, control, and condescend their way into the ever-turgid affections of sexy teen (human) narrator Bella Swan—are slow, repetitive, and often unintentionally hilarious. (“If I hadn’t seen him undressed, I would have sworn there was nothing more beautiful than Edward in his khakis.” Wait. Hold up. The vampire is wearing *khakis*?)

Twilight isn’t a literary masterpiece and doesn’t need to be. There is, I would argue, a place for fantasies like these—specifically, a place in the lives of adolescent girls, who often find actual teenage

boys more intimidating than the fictional vampire variety, and for whom imaginary worlds (where no one has to grow up, where danger is the prelude to a rescue, where boys have no hidden agendas aside from loving you forever) can be a shelter from the terrors of puberty. The books are silly—and have been roundly critiqued by feminists—but they speak to a legitimate need.

Meyer’s commitment to satisfying that need hasn’t gone unrewarded. In the first quarter of 2009, *Twilight* novels composed 16 percent of all book sales—four out of every 25 books sold were part of the series. The final installment, *Breaking Dawn*, sold 1.3 million copies on the day of its release in August 2008.

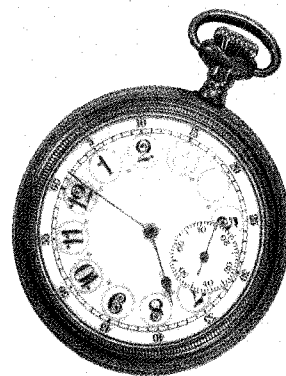
And then there are the movies. The first, *Twilight*, made \$70.6 million on its opening weekend last November and set the record for biggest opening weekend for a film by a female director. The soundtrack sold 2.2 million copies. The follow-up film, *New Moon*, began selling out screenings

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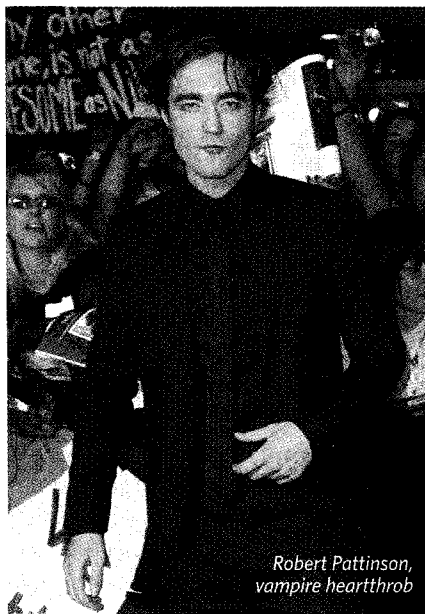
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more than two months ago, and its soundtrack is expected to be one of the top-selling albums of 2009, even though it's composed mostly of songs by indie artists.

Twilight is more than a teen dream. It's a massive cultural force. Yet the very girliness that has made it such a success has resulted in its being marginalized and mocked. Of course, you won't find many critics lining up to defend Dan Brown or Tom Clancy, either; mass-market success rarely coincides with literary acclaim. But male escapist fantasies—which, as anyone who has seen *Die Hard* or read those Tom Clancy novels can confirm, are not unilaterally sophisticated, complex, or forward-thinking—tend to be greeted with shrugs, not sneers. The *Twilight* backlash is vehement, and it is just as much about the fans as it is about the books. Specifically, it's about the fact that those fans are young women.

Twilight fans (sometimes known as “Twi-Hards”) are derided and dismissed, sometimes even by outlets that capitalize on their support. MTV News crowned “Twilighters” its Woman of the Year in 2008, but referred to them as “shrieking and borderline-stalker female fans.” You can count on that word—shrieking—to appear in most articles about *Twilight* readers, from *New York* magazine's Vulture blog (“Teenage girls shrieking ... before the opening credits even begin”) to *Time* magazine (“Shrieking fangirls [outdoing] hooting fanboys ... in number, ardor, and decibel level”) to *The Onion*'s A.V. Club (“Squealing hordes of (mostly) teenage, female fans”) to *The New York Times* (“Squeals! The ‘Twilight Saga: New Moon’ Teaser Trailer Is Here!”). Yes, Twi-Hards can be loud. But is it really necessary to describe them all by the pitch of their voices? It propagates the stereotype of teen girls as hysterical, empty-headed, and ridiculous.

Self-described geeks and horror fans are especially upset at how the series introduces the conventions of the romance novel—that most stereotypically feminine, most scorned of literary forms—into their far more highbrow and culturally relevant monster stories. At the 2009 Comic-Con, *Twilight* fans were protested and said to be “ruining” the event. Fans of *Star Wars*,



Robert Pattinson, vampire heartthrob

Star Trek, *X-Men*, and *Harry Potter* are seen as dorks at worst, participants in era-defining cultural phenomena at best. Not so for *Twilight* fans. What sets *Twilight* apart from Marvel comics? The answer is fairly obvious, and it's not—as geeks and feminists might hope—the quality of the books or movies. It's the number of boys in the fan base.

Compare Meyer to J.K. Rowling. The *Harry Potter* author had her detractors, too. In a 2000 *Wall Street Journal* article, Harold Bloom turned up his nose at the *Harry Potter* series, calling the books “not well written” and an example of cultural “dumbing-down.”

The headline: “Can 35 Million Book Buyers Be Wrong? Yes.” In 1999, *The New York Times* seemed bewildered by the popularity of *Harry Potter* and noted, in a hilariously late-'90s turn of phrase, that “the books have become the literary equivalent of Furby stuffed animals.” Yet *Potter* fans were never mocked as much as *Twilight* fans are, and respect for the series grew along with its readership. The final three books in the series were given full-length considerations in the *Times* by that most respected of book reviewers, Michiko Kakutani. “J. K. Rowling's monumental, spellbinding epic, 10 years in the making, is deeply rooted in traditional literature,” reads her review of the final *Potter* novel, published in 2007.

There's little doubt that Rowling's success stemmed from her talent. But she

also benefited from escaping the girly ghetto to which *Twilight* has been confined. Her publishers, famously, asked her to bill herself as J.K. rather than Joanne so as not to alienate male readers, and her books focused on a male hero and included lots of boy-friendly elements such as sports and warfare. She won a male readership, and with it, praise for the “universality” of her work.

Meyer, meanwhile, decided to forgo a pen name in favor of Stephenie, and *Twilight* is largely narrated by a girl. The books don't strive to draw in straight, male readers: There's little action, lots of emotion, and much lavish description of Edward Cullen's beauty. The vampire heartthrob isn't exactly macho. He's smooth-skinned, delicate-featured, and his body even sparkles. Edward abstains from sex and human blood, turning down several opportunities to enjoy both, and talks about his feelings frequently. To be blunt, he's not much of a man by sexist standards. In less-civilized regions of the Internet, the words “gay,” “faggot,” and “pussy” are thrown around liberally in discussions of the series, and of Edward.

Is it any wonder that there are so few visible male *Twilight* fans? Although boys' lack of interest in the series is used to argue against its “universality,” the fact

The very girliness that has made *Twilight* a success has resulted in its being marginalized and mocked.

is that boys who do like it may be legitimately scared to say so. The vitriol aimed at the series is often about policing gender and punishing girliness—and boys who dare to enjoy something so blatantly non-masculine would almost certainly find themselves harshly judged.

Yet, if the numbers are any indication, you don't need male fans to dominate the marketplace. In this decade, teen girls have backed the success of Taylor Swift (who ranks above every artist on the pop charts except for Michael Jackson), Miley Cyrus (responsible for multiple best-selling albums, a television series, a concert film, a movie, and various merchandise including a best-selling book),

and the blockbuster movie franchise *High School Musical*. In the 1990s, teenage girls were responsible for the runaway success of Justin Timberlake, Britney Spears, and *Titanic*, the top-grossing movie of all time. A fan base of teen girls launched Madonna's multi-decade career. And there was that 1960s boy band—the one with all the catchy, cheery pop songs and the cute, nonthreatening members who made girls squeal. I believe they called themselves The Beatles.

Teen girls have the power to shape the market because they don't have financial responsibilities, tend to be passionate about their interests, and share those interests socially. If a girl likes something, she's liable to recommend it to her friends; a shared enthusiasm for Edward, or the Jonas Brothers, or anything else, becomes part of their bond. Marketers prize teenage girls, even as the media scoff at them.

If you want to matter, though, apparently you need boys. The third film adaptation of the *Twilight* series, *Eclipse*, will be helmed by horror director David Slade, who has made such movies as *Hard Candy* and *Thirty Days of Night*. Even though it will not hit theaters until June 2010, it is already being touted as “darker,” more action-packed, and more “guy friendly.” Because the popularity of the *Twilight* formula guarantees *Eclipse* will be a box-office smash, the decision to consciously appeal to boys seems more like a grab at credibility than at profit. Romance-loving Twi-Hards be damned! Who cares about disappointing a huge, passionate, lucrative fan base if they're all a bunch of girls?

As *Twilight* demonstrates, not everything girls like is good art—or, for that matter, good feminism. Still, the *Twilight* backlash should matter to feminists, even if the series makes them shudder. If we admit that girls are powerful consumers, then we admit that they have the ability to shape the culture. Once we do that, we might actually start listening to them. And I suspect a lot of contemporary girls have more to talk about than Edward Cullen. **TAP**

Sady Doyle is a writer in New York. She blogs at TigerBeatdown.com.

BOOKS

He Kept the Flame

TRUE COMPASS: A MEMOIR BY EDWARD M. KENNEDY, Twelve, 532 pages, \$35.00

BY HAROLD MEYERSON

Only once in his nearly half-century as a United States senator did Ted Kennedy face a serious re-election challenge. It came from a young Republican challenger, Mitt Romney, in that most Republican of years, 1994. It came, as well, just three years after Kennedy's night out with his nephew William Kennedy Smith and the ensuing spate of tabloid stories that depicted Kennedy as a superannuated Prince Hal.

By the time he met Romney for the campaign's first televised debate, the polls had the race dead even. In his memoir, *True Compass*, Kennedy recalls his nervousness as he was driven to Boston's Faneuil Hall, where the debate was to be held. Then, he recounts:

I looked out of the window, and any remaining nervousness vanished. I saw a huge swell of people stretching for blocks. They carried Kennedy signs and chanted, “Teddy! Teddy! Teddy!” It was like the old torchlight parades that Grampa [turn-of-the-century Boston Mayor John F. Honey Fitz' Fitzgerald] used to tell me about, and that he loved so much. I rolled down the car window, leaned out, raised my arm, and pumped my fist. My adrenaline was flowing. These were my people. They were working people. They were the people I had been representing for thirty-two years, and we still had work to do.

Several weeks later, Kennedy dispatched Romney by a healthy (58 percent to 42 percent) margin—but let's stay with his remembrance of that scene for a moment, because it tells us so much about Kennedy and his all-too-distinct place in American politics. There's his visceral love of the rituals of politics, his sense of historic continuity (familial as well as political), his role as beloved tribal chief,

and his strong sense of class as an (if not the) orienting principle of his politics.

This was not, by 1994, an orientation universally shared by his fellow Democrats. For decades, the party had been losing the support of working-class whites (and gaining support among professionals). It had been complicit in the evisceration of American manufacturing and had generally grown more centrist in its economics. For Kennedy, however, the Democrats had an enduring compact with working Americans, one they had to renew every generation by enacting such policies as universal health care. Though the party moved rightward during the age of Reagan, Kennedy writes, “I maintained my conviction that the working-class majority forged by Roosevelt remained our best hope for justice and progress.”

The appreciations of Kennedy's achievements that followed his death this summer noted, of course, that he was the only one of the Kennedy brothers to be given a long career and that his list of accomplishments was, accordingly, a long one. But in measuring Ted's work alongside that of Jack and Bobby, another key difference also emerges: His brothers were liberal political leaders during an age of liberalism. Ted was liberalism's leading standard-bearer in a time of conservatism; a time when conservatism made inroads into his own political party.

So despite his role in the liberal battles of the 1960s, the essential Ted Kennedy only truly emerged as he sought to keep the nation and his party from moving rightward in the 1970s—most particularly, in his battles with Jimmy Carter, culminating with his challenge to Carter's re-nomination in 1980. It is Carter who gets the harshest treatment of any major figure in Kennedy's memoir—but given the causes and battles that animated Kennedy's life, that shouldn't come as a surprise.



Two items headed Kennedy's bill of particulars against Carter: The president's reluctance to enact national health care and his response to the rising unemployment and inflation ("stagflation" was the term du jour then) of the late 1970s. Despite the assurances that Carter had given him on pursuing a health-care bill, and despite huge Democratic majorities in both houses of Congress, Kennedy watched in dismay as Carter declined to move on the issue. Kennedy was even more upset as Carter responded to rising inflation by cutting federal employment programs and installing a Federal Reserve chief (Paul Volcker) whose strategy for reducing inflation was to increase unemployment. These were policies that no Democratic president since Grover Cleveland had enacted, and as Kennedy saw it, those policies broke the Democrats' covenant with working Americans that ran back not only to Franklin Delano Roosevelt but to Jefferson and Jackson as well.

Kennedy's 1980 presidential campaign was legendarily a mess in its early months, but once it got on track and he

began winning primaries (too late, alas, for him to amass enough delegates to win the nomination), he became the nation's great liberal tribune, the role he was to play for the remainder of his life. His liberalism on social issues was nothing new, and in his memoir, he mentions with pride his campaign event in Los Angeles' gay community, the first such event ever held by a major presidential campaign.

Losing the presidency, Kennedy became the nation's great liberal tribune, the role he was to play for the rest of his life.

But what truly defined Kennedy was his economic agenda: He called for universal health care, spoke for increasing the government's commitment to full employment with public employment programs when necessary, and advocated policies of reindustrialization, just as the Midwest manufacturing belt was beginning to turn into our national Rust Belt. On inflation, he wasn't greatly specific, but it was only nine years since

the Nixon White House had imposed wage and price controls: The memory of Keynesian economic management had not yet faded from the mind of man or from the liberal consciousness.

Would such a program have enabled Kennedy, had he actually won the nomination, to defeat Ronald Reagan in 1980? By 1980, the white backlash was in full swing, a phenomenon to which Kennedy

was no stranger, having endured the fury of crowds composed of "his people"—the heavily Irish American white working

class of Boston—during the battle over school busing that raged in his hometown in the mid-1970s. In his memoir, Kennedy acknowledges, "I don't know that I could have beaten Ronald Reagan. He was more than a candidate at that time; he was a movement." He planned to run against Reagan in 1984, we learn in the memoir, but so strong was the opposition of his three children to the idea that he dropped the plan altogether.

So Kennedy took up the cause of opposing Reaganism in the Senate (his much maligned attack on Reagan Supreme Court nominee Robert Bork has subsequently been vindicated by Bork's own writings and speeches, which have displayed a mind even more medieval than Kennedy alleged). His commitment to progressive universal economic policies remained constant, even as such perspectives fell in and out of favor within the Democratic Party. They certainly suffused Bill Clinton's 1992 campaign and his push for universal health care, even as they underpin Barack Obama's drive for health care today.

I don't mean to convey the impression that Kennedy's memoir, in part the product of an oral history project he began in 2004, is primarily a chronicle of ideological and policy battles. It is, in fact, an engaging telling of Kennedy's storied life, including the warmest depiction we shall ever have, surely, of his formidable father; a loving re-creation of the Hyannis Port ménage; a trove of campaign stories full of the kind of ridiculous tales that emerge from any half-decent campaign; and the first extended discussion Kennedy has given of the events at Chappaquiddick since the speech he gave immediately following them. His anecdotes on the public figures he variously supported and opposed are recounted at greater length than his assessments of them; we see a meeting with President Reagan on whether to impose quotas on shoe imports subverted by Reagan's curiosity as to whether it's still possible to find a particular brand ("Bostonians"), and we get Kennedy's version of a tale also told in the new Bill Clinton-Taylor Branch book, how Robert Byrd took over a gays-in-the-military meeting with Clinton with an excruciatingly long disquisition on homosexuality in the late Roman republic.

Above all, this is the memoir of the man who more than any other sustained and renewed American liberalism in a conservative time and lived just long enough to see that time end (though not long enough, alas, to see liberalism ascendant once more). And if it doesn't do full justice to his achievements, it certainly helps us understand his life. **TAP**

BOOKS

Beyond No-Fault Finance

IT TAKES A PILLAGE: BEHIND THE BAILOUTS, BONUSES, AND BACKROOM DEALS FROM WASHINGTON TO WALL STREET BY NOMI PRINS, Wiley, 296 pages, \$25.95

FOOL'S GOLD: HOW THE BOLD DREAM OF A SMALL TRIBE AT J.P. MORGAN WAS CORRUPTED BY WALL STREET GREED AND UNLEASHED A CATASTROPHE BY GILLIAN TETT, Free Press, 293 pages, \$26.00

MANAGED BY THE MARKETS: HOW FINANCE RE-SHAPED AMERICA BY GERALD F. DAVIS, Oxford University Press, 304 pages, \$29.95

BY MATTHEW YGLESIAS

From the beginning of the great financial panic of 2007-2008, efforts at understanding the crisis have been hampered by the likely bias of the people in the best position to know. Anyone sufficiently "inside" the financial world to understand what was happening was also inside enough to have suspect motives. That's why someone like Nomi Prins, a former managing director at Goldman Sachs turned muckraking lefty journalist, comes to seem invaluable. And this is never more so than when, as with her new book *It Takes a Pillage*, she's confirming the suspicions of those of us on the outside that there's something fishy and a bit fraudulent about the world of high finance.

Relative to the voices of the establishment, both in the political world and in the mainstream financial press, Prins is admirably clear and direct about the basically corrupt nature of many of the dealings between the government and the large banks. As she lays out, regulatory failures aren't something that just happened; they were made to happen by the political power and influence that high finance came to wield across party lines. The result has been to create a situation in which ties to major players in the banking world became a prerequisite for making economic policy at the highest levels.

Much less convincing, however, is the sweeping nature of her condemnation of the various bailouts and rescue measures propagated over the past 18 months. These government interventions into the economy have discomfited

purists of the right who fear (accurately, I think) that they'll legitimate state intervention for other purposes. Progressive critics are mostly animated by the evident injustice involved in responding to a crisis by shoveling more money at the very institutions that caused it. Still, the fact remains that, as Berkeley economist Brad DeLong said to me last fall, "you can't bail out the financial system without bailing out those who are long financial assets"—banks and bankers—and there's a substantial historical record of government responding to financial panics in this way. Discussion of the entire subject would benefit from a less binary mentality in which policies are said to be either for the benefit of Wall Street or for the benefit of the rest of us, and unfortunately Prins doesn't really do nuance.

Her insistence that the bailouts won't work seems to be a victim of publication delay. Since she finished her book, it's come to look like the Bernanke-Geithner-Paulson policies have, in fact, stabilized the financial system and set the conditions for a return to economic growth. Prins also does not enhance her own credibility by continually referring to the face value of government loans or loan guarantees as if they represent the net cost of federal assistance. Ultimately, it would have been more credible to claim that although something in the neighborhood of the bailouts was necessary, the chosen policies have been consistently tailored to fit the interests of politically powerful financiers.

Near the end of her book *Fool's Gold*,

Gillian Tett gives us an admirably lucid explanation of the disaster that policy-makers averted. The economy is now in sorry enough shape that it's hard to recall how much worse it seemed likely to be. In late 2008, it looked like there would be runs on money-market accounts, and businesses would find it impossible to meet payroll. Tett is an outsider turned insider. A Ph.D. in social anthropology who became a *Financial Times* reporter, she benefited, as the promotional material for her book explains, from "exclusive access to J.P. Morgan Chase CEO Jamie Dimon and a tightly bonded team of bankers known on Wall Street as the 'Morgan Mafia.'"

Both strengths and weaknesses result from this reportorial method. On the good side, Tett is able to leaven her book with amusing anecdotes, real insight into how things looked to key players as they were happening, and the dose of nuance that Prins lacks. Yet Tett could have used a bit more Prins-like skepticism about her sources. In particular, she ought to have questioned the idea running through the book that the crisis was caused by something good that the unscrupulous later "corrupted." Tett describes the original

"In the last two decades, as finance spun so out of control, it stopped being a servant of the economy but became its master."

Morgan collateralized-debt-obligation scheme, known by the proprietary term Broad Index Secured Trust Offering (BISTRO), as "akin to an insurance company offering insurance on a home worth \$1 million, when it holds just \$75,000 in its kitty." Which is to say that the main point of these innovative offerings was to allow financial institutions to get around regulations regarding their permitted degree of leverage. Tett herself explains that a later elaboration of the plan "was so clever that some bankers started to joke that 'BISTRO' really stood for 'BIS Total Rip Off,' referring to the Bank for International Settlements (BIS), which had overseen the Basel Accord," the international agreement concerning bank leverage.

This vision was corrupt from the get-

go, and the fact that these financial subterfuges were permitted at all illustrates many of Prins' points about corruption. It's true that under Dimon's leadership, Morgan pushed the envelope far less aggressively than its main competitors, but the basic vision of regulatory arbitrage remained the same throughout. Indeed, it's striking that even Tett ends her book with a lament that "in the last two decades, as finance spun so out of control, it stopped being a servant of the economy but became its master."

A fleshing-out of this concept is provided by Gerald Davis' *Managed by the Markets*, an ambitious, magisterial, and yet not-too-long effort to sketch the social consequences of a finance-driven economy. Davis sees hegemonic financial markets as intimately linked to a broad array of social and economic transformations over the past 30 years—de-industrialization, the decline of job security and the corporate-provided welfare state, the unraveling of conglomerates, the tendency to outsource government work to contractors, declining social mobility, and so on.

In Davis' telling, the midcentury economic landscape was dominated by large corporations with their roots in manufacturing. These companies had owners, but ownership was

broadly diffused. In practice, they were run by autonomous boards and executives, who managed their firms in their own interests but also with an eye to the concerns of a broader community of stakeholders that included their workers and the communities where their factories and offices were located. All this changed around 30 years ago, as the business landscape was transformed by the rise of the "shareholder value" movement, a brief but intense wave of hostile takeovers, and other changes that made the real world more closely approximate the efficient-markets hypothesis (which holds that sufficiently liquid financial markets will always find the "right" price for assets).

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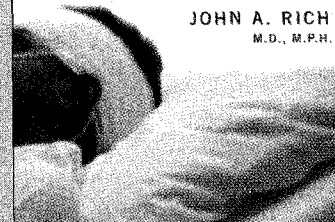
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stakeholders but the abstract forces of financial markets that hold the whip over companies. These forces press firms to be narrowly specialized on core competencies, to the point where many companies are just in the business of managing a brand with the actual work of making products outsourced to subcontractors, a trend Davis evidently deems ridiculous. Concurrently, the main locus of employment has shifted from manufacturing to services and from firms with long-term employees to firms that provide less in the way of job tenure and benefits. At such companies it is difficult to work one's way up the ladder—Davis refers nostalgically to the days when one could rise from the mail room to the executive suite—contributing to growing inequality and social stratification.

One limitation of *Managed by the Markets* is the lack of a broader comparative perspective, which makes it difficult to disentangle causal lines. Davis does briefly concede that things are different abroad, arguing that “no one would describe Japan or Germany, or India or Brazil, as a ‘portfolio society’ ... Few people in such settings would confuse their home with a stock option, or see their children as ‘social capital.’” That seems true enough, but few Americans view their children as social capital either or see the United States as a “portfolio society.” Financial markets are also an odd place to look for the sources of divergence between the United States and Europe. Such markets are highly international, as are the major financial firms, and the post-deregulation rise of American universal banks and financial supermarkets represents a convergence of American practice with what had long been the rule in Europe and Canada.

In some respects, the general preoccupation with the world of finance seems misguided. Under-regulation unquestionably led to a major financial crisis, which in turn has led to a severe recession, and it is both crucial to prevent a repeat of this series of events and reasonable to worry that the banks' continued political clout will make it impossible to do what needs to be done. But the driving factor behind the sentiment of

outrage at financial malfeasance that animates Prins and pops up at times in the other books is not so much the difficulty of macroeconomic management as the problem of injustice. How is it that we live in a country where illness often leads to bankruptcy, but gross mismanagement of a major bank leads to a generous retirement package? A country where people take home seven-figure bonuses for finding regulatory loopholes but where we “can’t afford” decent schools or mass-transit systems in our cities?

This seems to be an area in which the Europeans have hit upon some smart ideas. Private wealth is taxed to finance generous public services, while strong labor unions help ensure a reasonably equitable division of even pre-tax income. Or compare the past decade in the United States to the Blair/Brown years in the United Kingdom. The British experienced much the same trajectory of finance-led and somewhat bubble-based growth. But the Labour Party put policies into place that reduced income inequality and drastically reduced child poverty. If we could say something similar about the Bush years in the United States, we would have good reason to feel less alarmed about the state of play in finance. But we can't.

The fault here, however, is with our policies regarding labor markets, social investment, and public revenue, not financial regulation. Fundamentally, it would be a shame if the only lessons progressives took away from the great crash were narrow points about leverage ratios. The collapse ought to be a teachable moment to the effect that the actual operations of a modern economy bear little resemblance to the “free market” of right-wing political rhetoric. Even Hank Paulson recognizes that reality when pushed to the limit. But if systematic government intervention is necessary to keep the economy running smoothly, there is a clear moral case for systematic intervention to ensure that it also runs *fairly*. **TAP**

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Matthew Yglesias is a fellow at the Center for American Progress Action Fund and a Prospect senior correspondent.

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Will the Color Line Fade?

BLURRING THE COLOR LINE: THE NEW CHANCE FOR A MORE INTEGRATED AMERICA

BY RICHARD ALBA, Harvard University Press, 306 pages, \$29.95

BY ADAM SERWER

You mean there are no white males qualified?" the conservative commentator Pat Buchanan exclaimed in disbelief in one of his many cable TV appearances at the time the president nominated Sonia Sotomayor to the Supreme Court.

Sotomayor's nomination and the response it drew from conservatives exemplified what the sociologist Richard Alba describes in his new book as the problem of "zero-sum mobility," namely a situation where the number of elite positions is fixed and the majority sees minorities as moving up at their expense. According to Alba, although zero-sum mobility provokes resistance by the privileged majority, non-zero-sum mobility creates a more favorable environment for minorities to gain acceptance, even to the point where ethnic and racial lines fade in significance. Non-zero-sum mobility occurs in situations where minorities can move up without displacing members of the majority group because of economic expansion or the disproportionate aging and retirement of members of the majority.

And, if Alba is right, America is about to see a new era of non-zero-sum mobility because of inescapable demographic changes. The retirement of the baby boomers will open up room at the top for minorities, just as the post-World War II boom created opportunities for upward mobility for white ethnics. The postwar boom allowed white ethnics to advance without triggering all-out resistance from the dominant WASPS—and the result, Alba argues, was to blur ethnic distinctions among whites. By analogy he argues that a new era of non-zero-sum mobility could blur the hard lines of race long dividing American society.

For ethnic and racial "blurring" to take



Two Tales Of Mobility: Barack Obama introducing Sonia Sotomayor as his first Supreme Court nominee. As minorities rise, will ethnic stereotypes fade?

place, according to Alba, two other conditions besides non-zero-sum mobility must be met. Both residential segregation of the minorities and cultural prejudice against them have to decline. After World War II, all three conditions were satisfied for white ethnics. Not only did the economy expand, providing the jobs that allowed white ethnics to move into neighborhoods they previously couldn't afford, government programs such as the GI bill and the Federal Housing Administration loans helped them buy homes in those areas. And discrimination against white ethnics became culturally unacceptable, in part because their contributions in World War II inspired books and movies that portrayed them as the equal of other whites.

Blacks were excluded from most of the benefits of the postwar boom, and

despite the civil-rights movement, racial distinctions have remained the single sharpest line of division in American society. But Alba argues that the conditions for racial blurring may now be met for blacks as well as Hispanics. Generational turnover is leading to greater diversity in the labor force. In 2000, for example, non-Hispanic whites made up

78 percent of the age group on the edge of retirement but just 62 percent of those first entering the labor market. As baby boomers vacate positions, minorities will have to fill many of them, giving them the resources to move into neighborhoods that have been predominantly white. And discrimination against blacks and Hispanics, though it continues, has already become publicly unacceptable.

What about the obvious counterargument that because white ethnics were, well, white, the kind of cultural shift that occurred after World War II might not be possible for nonwhites today? Alba's response is that the old-stock white Americans long regarded the Irish, Ital-

ians, Jews, and other immigrant groups as racially inferior, even subhuman. Nineteenth-century political cartoons depicted the Irish as apes. One purpose of early IQ tests was to establish the inferiority of immigrants from Southern and Eastern Europe. Quotas kept Jews out of prestigious universities, and sociological studies blamed the apparent failure of Italian American Catholics to advance on a culture that "values obedience over intellectual autonomy." The subsequent success of these groups, Alba argues, has made it difficult for us to conceive of the cultural barriers they once faced.

This argument isn't entirely convincing. For one thing, it is still the case for racial minorities that the whiter you look, the better off you tend to be. Light-skinned African Americans have higher average incomes, as well as lower risks

KEVIN DIETSCH / UPI / LANDOV

of poverty and incarceration, than other blacks. The same color differences show up among Hispanics. The Hispanics who most resemble whites may well be able to "blur the boundaries" as white ethnics once did, even if darker Hispanics and African Americans cannot. The United States might transition, as Alba acknowledges, into a cultural model similar to that of Brazil, where racial categories are more "fluid" despite their continuing salience.

As Alba also recognizes, other potential obstacles may prevent minorities from being able to take advantage of demographic change. Many baby boomers are postponing retirement because of the recession and the inadequacy of their pensions. Wages in the middle tiers of the labor force—the middle rungs on the ladder of mobility—have been declining in real terms. Qualified minority applicants for upper-tier positions may be in short supply because of a crumbling public school system and high incarceration rates.

There are other problems, too. Discrimination against blacks and Hispanics is seen today as wrong, but outright discrimination has given way to ostensibly race-neutral policies and attitudes that result in similar outcomes. The policy solutions that Alba recommends to enable nonwhites to take advantage of demographic changes—such as large-scale investment in public education—are the exact kinds of policies that conservatives have often blocked through coded racial appeals. Conservative rhetoric on taxes can and does turn any public-policy issue into one of zero-sum mobility.

Furthermore, when white ethnics were advancing after World War II, blacks and Hispanics took the jobs at the bottom of the income ladder. For nonwhites to move up, someone will have to take their place. But since the most likely candidates are new immigrants who are also dark-skinned, it's not clear

why America's racial categories should change as much as the conception of "white" did earlier in American history.

Alba cautions that a racial system that has existed as long as America's will not collapse all at once, but rather will "weaken gradually." He's certainly right that the demographic picture ensures

The United States might transition into a cultural model similar to that of Brazil, where racial categories are more fluid.

that each successive generation is going to be more diverse. The question that remains is how quickly minorities will penetrate the upper reaches of society and whether whites will adapt by abandoning the prejudices that have divided America for centuries—where something like the rise of a Puerto Rican woman from the South Bronx to the Supreme Court is an event they can celebrate as their own victory as Americans and not someone else's victory over them. **TAP**

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Lessons Overlearned by Robert B. Reich

Presidents tend to overcompensate for the errors of their predecessors in the same party and in so doing, sow seeds of their own mistakes. Bill Clinton wanted above all to avoid Jimmy Carter's fate—losing re-election because the economy was heading south on Election Day. So Clinton made a deal with Alan Greenspan to slash the budget deficit and

thereby jettison much of his ambitious campaign agenda—Greenspan's precondition for lowering interest rates and causing an economic boom in time for the re-election—and then took direction from Dick Morris, who told Clinton to move to the right. The result: Clinton avoided Carter's failure and won re-election handily. But the Clinton years produced few if any major social reforms. Clinton spent so much of his initial political capital, as well as his time and energy, on deficit reduction that he didn't have enough left to enact health care in 1994.

Barack Obama came to the White House intent on not repeating Clinton's failure to enact universal health care. Did he overlearn the Clinton lesson? Obama seems to have made all the right moves to enact something he can credibly label health-care reform: Rather than spend his political capital elsewhere, he reserved most of it for the health-care fight.

This may turn out to be a mistake comparable to Clinton's overemphasis on deficit reduction. Obama's focus on health care when the economy is still so fragile and unemployment moving

toward double digits could make it appear that the administration has its priorities confused. While affordable health care is important to Americans, making a living is more immediately urgent. Yet the administration's efforts to date on this more basic concern have been neither particularly visible nor coherent. It's hard for most people to understand that unemployment would be worse were it not for the stimulus package; the much-flaunted new "green jobs" have not appeared yet, nor are they likely to for years. The White House has had equal difficulty explaining to Main Street why it would be far worse off today had Wall Street's biggest banks not been bailed out. Almost nothing has trickled down. Small businesses still can't get loans.

While health reform, if done right, can help American families stay afloat in the economy, most Americans will not see any appreciable decline in the cost of health insurance nor clear improvement in the efficiency or quality of the health care they receive, and those who will benefit from the bill won't see it for several years. That's partly a result of Obama's sharpest break

from Clinton—whose ambitious plan drew immediate fire from Big Pharma, the American Medical Association, and health insurers: The Obama White House bought off the medical-industrial complex by promising it fatter profits, bolstered by tens of millions of new paying customers.

That and other deals cut with industry—including promises to Big Pharma that

know they're getting shafted (Republicans will be sure to make them aware, even though the GOP has a much longer record of shafting the middle class for the benefit of big business).

It's possible that Obama can pivot off a health-care victory and launch some new initiatives that palpably and quickly spur job growth. The worry is that there aren't any—at least none that can work fast enough to reverse the tide of unemployment before the midterm elections. Fiddles such as a new jobs tax credit can help, but they won't make much of a dent. Even with a larger stimulus,

Affordable health care is important, but right now making a living is more urgent.

Medicare wouldn't use its bargaining clout to reduce drug prices, to the AMA that doctors wouldn't have to face larger cuts in Medicare reimbursement rates, and to private insurers that the White House wouldn't fight hard for a public insurance option—will make the resulting reforms far more costly. These extra costs will be borne by those Americans who will be required to buy insurance but won't qualify for federal assistance, along with Medicare beneficiaries who will be paying more and receiving less. These people may not know they're indirectly paying the costs of buying off these industries, but they'll

a jobs recovery would still be far off. The tangible benefits of health-care reform are likely to be so elusive in the meantime that the public may become easy prey for demagogues on the right who blame Democrats for the insecurities that bedevil the nation next November.

If Obama and the Democrats lose Congress in the midterm elections, which is not a small possibility, it will be because the president learned only the most superficial lesson of the Clinton years. Health-care reform is critically important. But when one out of six Americans is unemployed or underemployed, getting the nation back to work is more so. **TAP**



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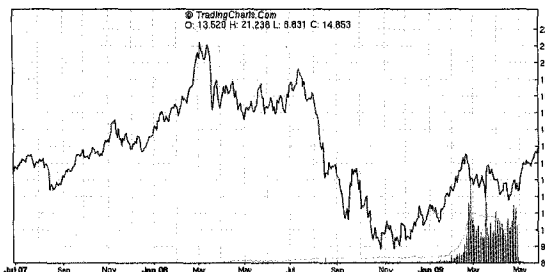
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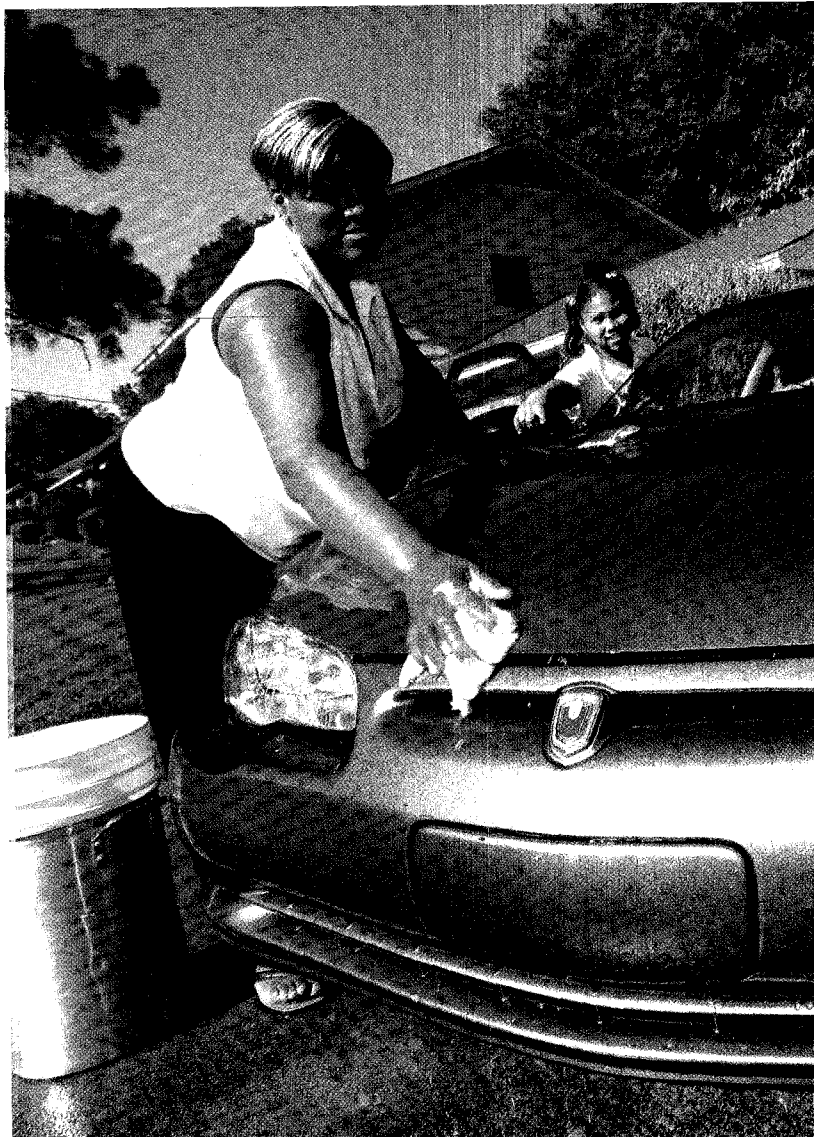
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